



INSIDE THE TABLOID

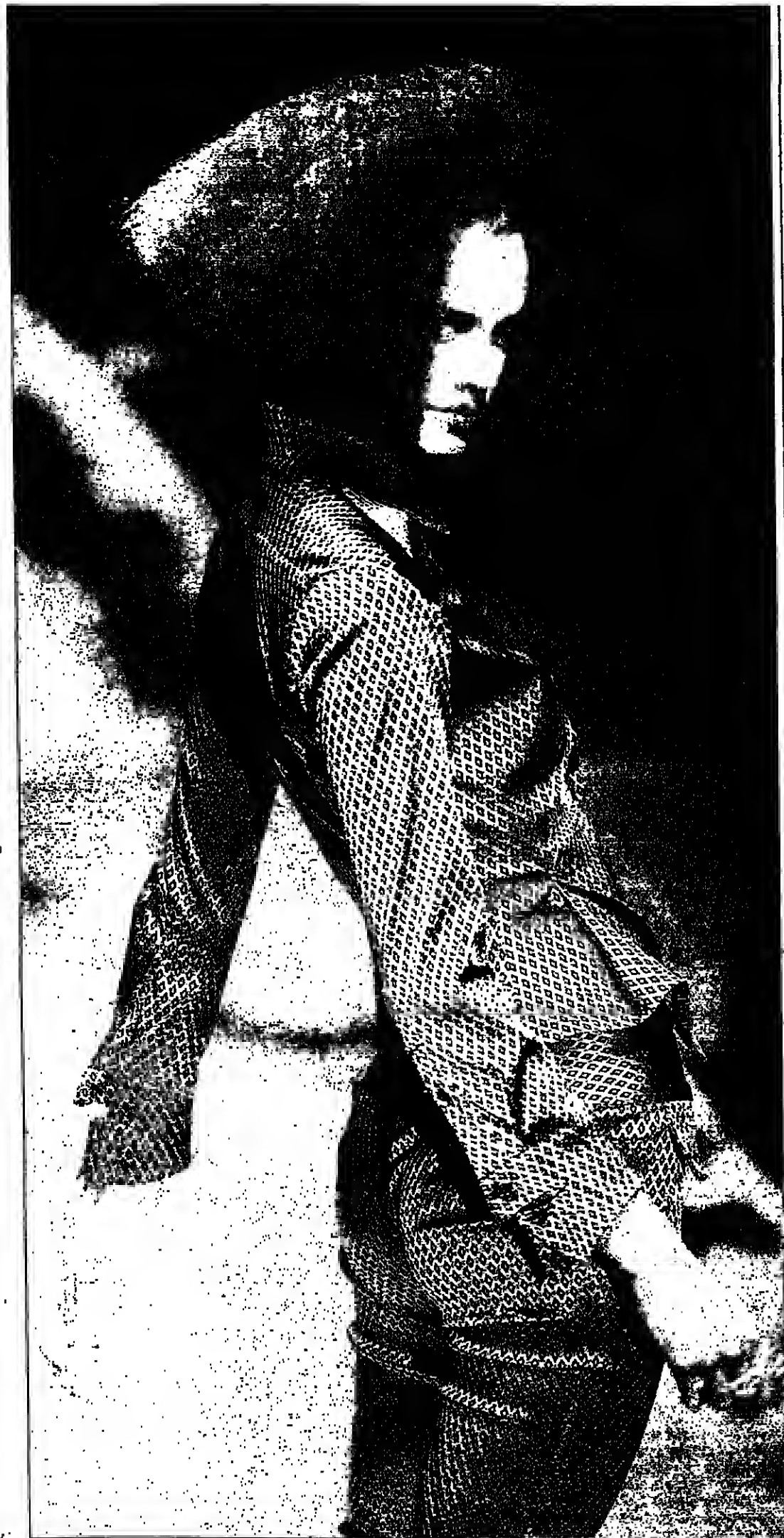
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THE TABLOID

What girls want from sex education

ANALYSIS

Who cares if the sky is falling? **PAGE 14**



Owen Gaster, 30, the futuristic tailor, proved himself a cut above at London Fashion Week yesterday when he unveiled his latest 'Chopper' collection. Gaster, one of the few designers to maintain a distinctive style throughout his career, offers a vision for the hard-edged urban woman who is not afraid to power-dress and his Blade Runner-esque models showed off the range to perfection. Photograph: Ben Elmes

The King's Road irregulars versus the jungle rebels

'Security firm' hired to end guerrilla war

Michael Ashworth

"I am sick and tired of our boys coming back in body-bags," said the Prime Minister of Papua New Guinea, Sir Julius Chan. So he called in the professionals from the King's Road, 9,000 miles away.

The PNG government has contracted Sandline International, a Bahamian-registered company with representative offices in London and Washington DC to assist it in its operations against rebels in the island of Bougainville who have been fighting a nine-year guerrilla war against the authorities.

They deny they are mercenaries. "We are an international military consultancy company specialising in the provision of advice and problem resolution for legitimate governments and international organisations," its Chief Executive Officer, Tim Spicer, told *The Independent* yesterday.

Col Spicer is a former lieutenant-colonel in the Scots Guards with 20 years' experience in the Falklands, Bosnia, Cyprus, the Gulf War and Northern Ireland, where he was appointed OBE. A brisk, crisp man, he was Michael Rose's military attaché in Bosnia, and knows how to handle the media. Sandline works out of a smart, premises on the King's Road with the latest technology and expensive modern art on the wall, more like the office of an management consultancy than a barracks.

Early last year, representatives of Sandline were approached by the PNG government to assist in advising

and training their armed forces. The contract was signed in January this year, and is reportedly worth \$36m. The PNG National Defence Force, despite the assistance provided by the Australian Armed Forces, has been unable to deal effectively with the Bougainville Revolutionary Army rebels. It has frequently been accused of human rights abuses and summary executions.

Sandline admits to being involved in PNG but would not discuss details of the operation stating that "our projects are generally sensitive in nature and we apply strict rules of confidentiality to our work and client relationships." However, Australian newspapers have reported that PNG planned to bring in up to 150 foreign-hired soldiers for an operation to capture or kill the leaders of the pro-independence Bougainville Revolutionary Army.

Sir Julius Chan said yesterday that "the team we have hired to train our Security Force members are not cowboys, they are a reputable professional company who are part of our many-faceted strategy to reach a lasting solution to this particular crisis, as well as other matters of national security."

Sandline considers itself and one of two other companies to be at the leading edge of a global trend in private security companies assisting nation states with their internal security problems. It calls upon the resources of a number of different specialist sub-contractors in Britain, the US and South Africa, and these include ex-members of the UK, US and South African special forces.



The precedents for the use of private security companies to tackle civil wars were set by the South Africa-based Executive Outcomes (EO) in Angola and Sierra Leone. Sandline emphatically denies that it is a subsidiary of EO, though it has "sub-contracted" some work in PNG to them, says Col Spicer. "We have a high regard for the professionalism of Executive Outcomes, but we are not the same company," he adds. However, Sandline shares offices with companies whose directors include Tony Buckingham, the businessman who introduced EO into Angola, their first big contract. Col Spicer says Sandline was established in the early 1990s in order "to fill a vacuum in the post-Cold War

era, to offer governments specialist military expertise at a time when Western nations' desire to provide active support to resolve overseas conflicts has materially decreased, as has their capability to do so."

It is an independent entity privately owned by senior ex-military personnel from the UK and US armed forces. The company is registered in Nassau, Bahamas.

Like its competitors, the US-based Military Personnel and Resources Incorporated and EO, it shies away from the label of mercenary. It claims that it will only accept projects that "receive the endorsement of the international community." To this end it declares that it has four operating principles. It will only undertake projects acceptable to key Western governments, such as the US and the UK. It will only undertake operations that are legal and moral. It works on behalf of internationally recognised government regimes. And operations must be conducted within the boundaries of client governments.

The employment of Sandline International has embarrassed the Australian government, which enjoys good relations with PNG and trains their Defence Force. During question time yesterday in the Australian Parliament, the Prime Minister stated: "We have no sympathy for the BRA which has carried out a great deal of violence and has constantly obstructed talks. But we are convinced that military action is not the answer, that only a negotiated settlement can offer a long-term solution."

Rugged rebellion, page 11

Tories will sell off Underground if they win poll

Colin Brown and Randeep Ramesh

John Major will take a election gamble today with the announcement that London Underground is to be privatised if the Tories are returned to office.

The go-ahead for the privatisation of the Tube, which carries millions of voters in the crucial South East, was sanctioned at a Downing Street strategy meeting of Cabinet ministers to approve the manifesto. It will be announced in the Commons today by Sir George Young, the Secretary of State for Transport, although the plan alarmed some ministers earlier this month when it was first approved at the Chequers Cabinet on the draft election manifesto.

The announcement was delayed by a damaging and embarrassing leak, but Sir George persuaded colleagues to go ahead with the plan on the grounds that the Tube needs investment, and it can only get it if it is put in private hands. Labour believes it is a gift-edged gift for its own election campaign against the "fat cats" who have profited from other privatisations. The Underground would carry with it some highly lucrative real estate in the capital, and the leaked document suggested it could be sold off at a knock-down price.

The statement in the Commons today will mark clear differences between the two parties. John Prescott, the deputy leader of the Labour Party, said last night that the Government had adopted the "Prescott formula" for keeping the Post Office in public hands, while allowing it

to raise private finance. "It shows that they are privatising the Tube system out of pure political spite," he said.

Andrew Smith, shadow transport secretary, said Labour would build partnership with private firms to raise investment for the Tube, as well as retaining public control over the system. He attacked the Tory plan as a "nightmare vision" for a fifth term, which could lead to closures of stations in the outer London suburbs.

The leaked Cabinet memo to the Prime Minister by Sir George said: "The Underground will be a unique and very difficult privatisation to sell to the public."

Although the details of the sell-off have yet to be finalised, Downing Street favours a model which would see a single body regulating levels of service and fares and then franchise groups of lines. Another scheme, which would have floated London Underground on the stock market and given shares to commuters, was quickly shelved after criticisms that it would have created a "private monopoly".

The Cabinet committee meeting yesterday approved the final draft of the Tory manifesto, including more parental choice in schools, an expansion of Workstart in which those on the dole will have to work for their benefits, and a switch to more self-provision in welfare through insurance. Kenneth Clarke, the Chancellor, will today return to the attack on Labour over tax with alleged new Treasury calculations, which he claims will mean higher taxes under a Labour government, a charge Labour denies.

Comment: Donald MacIntyre, page 15

Penguin plans to push Puffin out of £35m pecking order

Ian Burrell

It is apparently a trait of British food company marketing executives that when they look upon a white-chested seabird they immediately think: "chocolate biscuit".

A High Court judge listened yesterday as lawyers representing the Asda supermarket chain argued that its range of Puffin chocolate biscuits was not a copy of the 60-year-old Penguin brand. United Biscuits, which sells £35m worth of Penguins a year, is suing Asda for alleged trademark infringement and "passing off".

To even the most junior bird-fancier there would be little difficulty in telling the two creatures apart. Penguins are flightless *spheniscidae*, which propel themselves through water with their wings and nest on the ground in the Southern

Hemisphere. Puffins, by contrast, are *alcidae*, strong flyers which nest in cliffs in the Northern Hemisphere.

But lawyers for UB do not believe that ornithology is a popular pastime within the ranks of the chocolate biscuit-buying public. They argued yesterday that the existence of the two brands would cause great confusion. A succession of Liverpool shoppers testified that they had thought Puffins were made by the same company as Penguins. Ooe, Pauline Bennett, explained that they were water birds beginning with "p" and ending with "n".

"What about a pigeon?" challenged Gordon Pollock, Asda's QC. UB's counsel, Michael Bloch, said there was "no coherent connection" between seabirds and chocolate biscuits which could excuse the copying. The only connection was with UB's particular distinctive product.

Asda had even adapted UB's slogan by urging consumers to "pick up a Puffin", complained Mr Bloch at the start of a 10-day hearing.

Asda insisted the names and the depiction of the bird character were very different. It contended that any similarities would be recognised by the public as simply a humorous reference by Asda to the famous Penguin and therefore would cause no confusion.

The court heard that packaging designers had been asked by the supermarket chain to come up with a brand-beater to rival the Penguin.

While they considered the suitability of a variety of birds as the symbol of the new biscuit, "P-pick up a guillemot" does not have appear to have even made it to the drawing-board.

QUICKLY

Bridgewater ethics
The chief constable of the police force whose officers fabricated evidence in the Bridgewater case said that, at that time, ethics were not considered important. **Page 4**

Starvation warning
Dementia sufferers are being left to starve in NHS hospitals and care homes by staff who do not understand their condition, the Alzheimer's Disease Society has warned. **Page 7**

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news

significant shorts

Havoc threat to the South from worst storm in years

Southern Britain was bracing itself for the worst storms for seven years as darkness fell last night. Weather forecasters warned of damage from severe storms racing in from the Atlantic bringing 90mph winds. Tidal warnings for the south-west coasts were issued by the Environment Agency. "Amber" warnings of waves crashing over sea walls and beaches were issued for north Cornwall, north Devon and Chesil Bank in south Dorset.

The Meteorological Office said Britain was going through the most sustained period of strong winds since January and February 1990. It predicted driving rain and winds of only 10mph less than the hurricane force winds of 1987 in some areas. Most of southern Britain as far north as Bristol was due to be hit by the storms, according to a Met Office spokesman, Andy Yeatman. "It's always difficult to say how much damage will be done but building damage might not be quite as bad as in 1990," said Mr Yeatman.

Mrs Howard denies jail comment

The wife of Home Secretary Michael Howard yesterday instructed her lawyer to write to Granada TV, two newspapers, publisher Penguin, and former the Prison Service chief Derek Lewis, denying claims that she had urged her husband to cut the nutritional content of food served to Britain's prisoners. Granada TV's *World in Action*, screened last night, contained an interview with Mr Lewis in which he made the allegations about Sandra Howard, the model Sandra Paul, John Turnbull, of Linklaters & Paines, said: "She never said or suggested that any actual or proposed nutritional standards at Her Majesty's Prisons were too generous. Mr Lewis has told *World in Action* that he was taken aside by Mr Howard's political adviser, David Cameron, in 1994 and told that Mrs Howard believed that "the prison code's requirements to provide a balanced and nutritious diet was somehow too generous for prisoners". Mr Lewis was sacked by Mr Howard in 1995 after the escape of inmates from Parkhurst.

Secret reburial for Moors victim



The body of Moors murder victim Lesley Ann Downey has been exhumed and reburied after a series of attacks on her grave, her mother revealed yesterday. Ann West, 67, asked for special permission to move her daughter from the Southern Cemetery in Manchester last year after vandals struck for a third time. Graffiti calling for killer Myra Hindley to be freed from jail was daubed on the marble headstone in August on what would have been Lesley Ann's birthday. Lesley Ann was

reburied in a private ceremony in a new, secret grave.

Hunt for student's killer goes cold

Detectives hunting the killer of A-level student Nicola Dixon have carried out DNA tests on 20 men from the Sutton Coldfield area but have failed to find a match for the profile obtained from substances left at the murder scene. Police are anxious to speak to a man seen running down Tinsley Hill at around 10.25pm on the night of the murder who was wearing a purple tracksuit with a stripe down the side, and is described as white, aged 19-25. They also want to speak to the driver of a Ford Fiesta car seen in the area, described as white, aged 20-25, with short fair hair.

Thais suspect man killed himself

A British man whose body was found tied to a pier in Thailand may have committed suicide, it emerged yesterday. Geoffrey Chapman, 54, was found strapped to a pole on a pier at Sri Racha beach, 55 miles southeast of Bangkok, at low tide on Sunday. It was initially thought that Mr Chapman, who was originally from Scarborough, North Yorkshire, could have been murdered. But Thai police said today there were no signs of a struggle, although Mr Chapman is thought to have been weighed down by a rock tied around his legs.

Waste scheme goes down drain

One of Britain's biggest plastics recycling schemes is folding at the end of this week with the organisers blaming the Government. The scheme recovered more than 8,000 tonnes of used polystyrene film from Britain's farms over two years. But the 18 rival manufacturing companies who joined to run it are balking collections and farmers will have to go back to treating polystyrene as waste. The 18 lost business to two other firms who refused to join the scheme and were able to sell their polystyrene cheaper. The Government is blamed for not bringing in regulations to penalise "free riders" who undermine recycling schemes.

Bloody Sunday review delayed

The discovery of possible new evidence about the Bloody Sunday killings led to the withdrawal yesterday of a court action for judicial review. A request to take the case out of the Belfast High Court list for tomorrow was made by lawyers for a sister of one of the victims. No reason was given in court but afterwards solicitor Angela Ritchie said information had been received "which may ultimately result in receipt by us of important new evidence". It was understood that she was referring to two recent television programmes which appeared to confirm claims that soldiers, other than paratroopers, were shooting from Londonderry walls when 14 people were killed on January 30 1972.

Four jailed for drugs smuggling plot

Four men, including one described by the judge as a "beet copper", were jailed for a total of 41 years for a £2m drugs smuggling plot. The four appearing at Canterbury Crown Court were Kenneth Harris, 43, of Welling; David Ng, 37, of Winchester Road, London; John Illingworth, 39, of Greenwich, and serving Metropolitan policeman Ronald Palumbo, 31, of Chingford, Essex. Harris was jailed for 12 years, Ng and Palumbo for 10 and Illingworth for nine years. The court heard cannabis with a street value of more than £15m was found concealed in a trailer of a lorry owned by Harris. The lorry was stopped at Dover in November 1995.

Mother threw her baby off bridge

A schizophrenic woman who killed her 16-week-old son by throwing him off a river bridge was ordered to be detained in hospital indefinitely. Lisa Whayman, 33, of Wordingworth, Suffolk, threw baby Daniel off the Orwell Bridge near Ipswich in August last year, Norwich Crown Court was told. Whayman denied murder but admitted manslaughter. Her plea was accepted by the prosecution. The judge ordered that she be detained at a psychiatric hospital until mental health authorities deemed her fit to resume a normal life.

people



Larry Flynt, playing a judge in the award-winning film about his life

Life of Larry turns to gold as Church attacks sacrilege

A film about the life of Larry Flynt, the notorious US publisher, won the Berlin Film Festival's top award - the Golden Bear - yesterday, edging aside *The English Patient*. The two are expected to be competing for the top honours in the Oscars.

The People v Larry Flynt, made by Milos Forman, the Oscar-winning director of *Amadeus* and *One Flew Over the Cuckoo's Nest*, depicts the tumultuous career of Flynt, a school drop-out who ran strip clubs in Ohio before launching his successful porn magazine, *Hustler* in 1973.

With a cameo appearance by Flynt himself (ironically playing a member of the legal establishment with which he found himself in conflict), the film has sparked massive controversy in the US and elsewhere, notably over the promotional posters. These show Woody Harrelson, who plays Flynt, wearing a stars-and-stripes loincloth, with his arms outstretched as if crucified, superimposed on the groin of a bikini-clad woman.

Yesterday Forman ordered the removal of the posters in France, where they had prompted the Catholic Church to bring a lawsuit. Megan Thorne, a lawyer for Columbia Pictures, told the French court of appeals that the posters would be removed "in the spirit of appeasement and to cut short" any efforts by opponents to profit from the controversy.

The president of the Conference of Bishops of France, Monseigneur Louis-Marie Billé, said it was unacceptable to compare Christ's crucifixion with the ordeal of "a pornographer", referring to Flynt. The poster had already been rejected by the Motion Picture Association of America, and in Australia and Switzerland the Catholic Church branded it offensive and sacrilegious.

However, despite missing out on the top honour at Berlin, *The English Patient* did not go unrewarded. Juliet Binoche was named best actress for her role in the film, which won 12 Oscar nominations. Best actor went to Leonardo di Caprio, for his leading role in *Romeo and Juliet* and the Silver Bear was awarded to the Taiwanese film *He Liu*, which means the river.

The 12 Oscar nominations for *The English Patient* have boosted US sales of Michael Ondaatje's Booker Prize-winning novel on which it is based by 400 per cent. The American edition has now sold 600,000 copies and the British opening of the film on 14 March will coincide with a concerted campaign to market tie-in editions of the book by Macmillan, the parent company of Ondaatje's publisher, Picador.

Canny publishers have always profited from tie-in editions of books adapted for film and TV. The recent spate of Jane Austen dramatisations spawned new paperback versions of the novels with costumed stars on their covers. *Penguin*, with its vast backlist, usually does best with "classic" adaptations. Jane Campion's new film of Henry James's *The Portrait of a Lady* has inspired a Penguin reprint complete with 8 pages of colour photos of its stars, including Nicole Kidman, John Malkovich and Richard E Grant. And Oxford recently persuaded Kenneth Branagh to approve the use of a still from his film on its paperback edition of *Hamlet*. He requested no fee, but he did ask for a "complete set of Oxford's World's Classics". Boyd Tonkin

Tunnel visionary to give lift to Manchester runway protest

The environmental activist Swampy (right) is to lend his tunnel-digging expertise to protesters against the planned second runway at Manchester Airport.

The 23-year-old, whose real name is Daniel Neede, made headlines last month when he spent seven days underground holding up work on the A30 road near Honiton, Devon.

Protesters at Manchester Airport claim to have already dug between three and four tunnels in woodland at the end of the existing runway, two of which have activists sleeping in them. They hope to delay and even prevent the proposed £172m second runway, although details of the fortified tunnels already built are being kept secret for tactical reasons.

Melanie, 27, a demonstrator from Manchester, said: "We have heard Swampy is on his way. We are looking forward to his support. Obviously he has experience which can help us and it will help with the publicity, because he is already so famous."

About 40 people are taking part in the protest, which is continuing despite warnings by police that methane in the ground is putting the demonstrators' lives at risk. A spokesman for Manchester Airport declined to comment.

Meanwhile, the former Beirut hostage Terry Waite gave the anti-



runway protesters a boost by offering his support for their cause.

Mr Waite, who was born in nearby Styal, visited the demonstrators' camp and signed a green-skies document protesting about the environmental impact of the air-transport industry.

But Mr Waite refused to back illegal tactics adopted by some environmental protesters. "These people are taking direct action and have the support of some very respectable groups and associations," he said.

"I myself would not break the law. I would not do that. That is down to the individual conscience." Mr Waite gave evidence at the 101-day public inquiry 18 months ago opposing the runway but the inspector ruled against the protesters.

MP presses for remembrance at slave wreck site

The Labour MP Bernie Grant yesterday said that he would visit the excavation site on the Devon coast which contains the mass grave of shipwrecked slaves.

As many as 60 people are thought to have perished when the treasure ship *London* went down near Rapparees Cove, Itracon, nearly 200 years ago. Skull bones, confirmed as being of African descent, and now the top half of a skeleton, have been uncovered during the last three weeks by storms and the work of local archaeologists.

A spokeswoman for Mr Grant said he was deeply upset by the discovery and would be visiting the area on Sunday to pay his respects.

"He is trying to ensure the grave be treated with all due reverence, and has spoken to the director of the Itracon museum, who shares the same view," she said. "The site is part of a renaissance of black history and will be of interest to a large number of people. It will become a place of remembrance."

She added the site is as important to the young black community as the Tower of London, for example, is for white people. It is believed the area could also hold the African Reparation Movement's annual ceremony, which Mr Grant founded, to commemorate those who have died during slavery.

briefing

BUSINESS

More directors disqualified since accounting reform

The number of directors banned or disqualified from running limited companies shot up by nearly 50 per cent in 1996, according to figures released yesterday by the Department of Trade and Industry. Last year, 946 directors were disqualified as unfit, up from 633 in 1995, while actions were started against 1,376 - 20 per cent more than the year before.

Of those, 273 were banned by the courts from running companies for a range of offences, including embezzlement and dishonest accounting. Commenting on the disqualification figures, John Taylor, the DTI's corporate and consumer affairs minister, said: "High standards are essential to sustain the confidence of suppliers, creditors, employees, and investors."

He said the rise in disqualifications was partly due to new reporting standards introduced last September which make it easier for insolvency accountants to identify and report misconduct.

News of the increase came as the DTI confirmed it would be attempting to disqualify 10 directors of Barings, the investment bank which lost more than £800m through the actions of the rogue trader, Nick Leeson.

HEALTH

Over-50s are couch potatoes

The North West has the biggest number of couch potatoes among people over 50, while people in East Anglia are the most active in England, according to new research from the Health Education Authority.

The study of 4,300 people between 50 and 74 found that nationally, more than seven out of 10 men and eight out of 10 women over 50 did not take part in sufficient activity to benefit their health. Instead, they turned on the TV, with women watching an average of 21 hours and men an average of 19 hours of television per week.

Once they had switched off the TV, a quarter of older women (aged 70-74) did not have enough strength in their legs to get out of a chair without using their arms. And over a third of women and nearly one in 10 men aged 50-74 were unable to walk at a 20 minute-a-mile pace.

Glenda Cooper



LOTTERY

Grants criticised as too high-brow

Local communities feel left out by National Lottery funding and think high-brow arts projects are getting too large a share of the pot, according to a survey published today. Two in three people believe too much money goes towards projects which only benefit wealthy art lovers.

The NOP study also revealed a belief that funding is biased towards cities rather than rural areas, and that people from the north think too much money is spent in the south.

Eighty-four per cent believe charity should begin nearer to home and more lottery cash should find its way into local community projects. And more than three quarters think they should have more say in where the money goes.

Two-thirds of people, questioned in the survey for the Somerset supermarket chain, expressed disapproval over the Royal Opera House receiving lottery money.

While 85 per cent felt raising money for charities through the lottery was a good thing, 70 per cent were baffled by the criteria used to select recipients, and a similar majority wanted a greater say in which organisations received money.

MEDIA

Friends top TV ratings for teens

Friends, the cult US sitcom series, is the most popular programme among 13- to 16-year-olds, with 57 per cent voting it among their favourite shows. *Eastenders*, *X-Files*, *Home and Away* and *Neighbours* are also big hits with this teenage group. These are among the latest findings by Media 2000, a research project which tracks the changing tastes and attitudes of London schoolchildren.

Two-thirds of the sample said they would like to see more music and comedy on TV. The same high proportion have a TV in their bedroom. The favourite advertisement among these young teenagers - who watch nearly four and a half hours of TV every day, on average - is the controversial Blackcurrant Tango commercial. Media 2000 was devised and conducted by Andy Hearnshaw and Nigel of BBJ Media Services and is analysed by Carat Research.

Rob Brown

EDUCATION

GCSE retakes are often wasted

The vast majority of school-leavers who turn to further education colleges to retake GCSEs still fail to achieve even four exam passes on their second attempt, new figures reveal. A report on GCSE courses in sixth form and general FE colleges suggests that, for many students, retakes do no more than reinforce a sense of failure and decrease motivation.

The study, by the colleges' inspection body, uncovers a high drop-out rate on retake courses, as well as poor results and low attendance. In 1994-5, the latest year for which figures are available, fewer than one in ten 16-19-year-old students attempting five GCSE retakes passed them all, and more than a fifth passed none at all.

The inspectors say taking general vocational qualifications instead of re-attempting GCSEs may hold the key to breaking the pattern of failure.

Lucy Ward



NEWSPAPERS SUPPORT RECYCLING
Recycled paper made up 41.2% of the raw material for UK newspapers in the first half of 1996

THE INDEPENDENT ABROAD

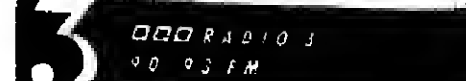
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سكزا من الاربع

Research casts doubt on cot death theory

Glenda Cooper
Social Affairs Correspondent

Antimony, the substance which has been blamed for causing cot deaths, has been found to be so common it can be measured in house dust.

The findings call into question the theory which caused near panic among parents when it was publicised on the ITV programme *The Cook Report* in 1994.

Antimony is used as a fire retardant in mattresses, and the research scientist Barry Richardson claims that the combination of fungus in mattresses and urine and perspiration from the baby can combine with antimony to form a lethal gas. After the programme, Boots and other retailers withdrew mattresses from sale and

thousands of parents contacted a phone line.

Crucial to Mr Richardson's theory was the idea that antimony is found in mattresses but rarely encountered anywhere else.

But Mike Thompson, reader in analytic chemistry at Birkbeck College, University of London said antimony found in babies does not necessarily come from mattresses.

He added that he was "very surprised" at the levels of antimony he discovered. When dust samples were taken from 100 homes at random around Britain, antimony was found in house dust at between 10 and 20 parts per million, compared with rocks and soil where it is found in 0.5 parts per million.

Joyce Epstein, general secretary of the Foundation for the

Study of Infant Deaths, which funded the research, said yesterday: "Richardson claims the only way babies can absorb antimony is through mattresses. We have found that antimony is everywhere around you, in ordinary household dust as well as lots of other places. The corollary of that is there is no evidence, first, that antimony causes cot deaths or, second, that there is a problem with mattresses... even if antimony was a problem, you cannot finger mattresses as being the only source."

Mr Richardson, now based in Guernsey said: "It is interesting they are doing research on antimony which means they must think it is significant. Previously the problem was that no-one would say it is relevant."

Later this week Penguin will also publish a book called *The Cot Death Cover Up?* by the New Zealand forensic scientist Jim Sprott, which also claims that antimony and phosphorus are behind unexplained infant deaths.

Cot deaths have fallen from 912 in 1991 to the current rate of between 300 and 400 a year. The lowering of the cot death rate is thought to be due to the "Back to Sleep" campaign launched in December 1991.

The campaign advised parents not to let babies sleep on their stomachs, not to let them become too hot or cold, and to keep them away from cigarette smoke. A survey in 1995 revealed that a baby whose mother and father smokes is five times more likely to be a cot death victim than one in a non-smoking home.

The number of cot deaths in the Irish Republic shot up by 23 per cent last year after decreasing by 70 per cent in a previous five-year period, according to new figures.

The rise in fatalities has still to be fully analysed, but Tom Matthews, professor of paediatrics at University College, Dublin said the deaths were being associated with one or both parents smoking and with social deprivation.

GPs report more meningitis cases

Recent meningitis scares have led to an increase of almost a fifth in the number of acute meningitis cases notified for England and Wales, writes Glenda Cooper.

But this has not translated into cases confirmed in the laboratory, the Public Health Laboratory Service said yesterday, putting the increase down to greater awareness among doctors of the dangers of the disease.

Acute notified cases reached 2,700 in 1996 compared with 2,300 in 1995 - an increase of around 17 per cent.

The National Meningitis Trust said it was disappointed with the "moderate increase" particularly as the number of notified cases had been below 2,000 in 1994.

"Much of the decrease in cases between 1992 and 1994 was due to the success of the Hib vaccine for the under-fours which was introduced in 1992," said Ray Thompson of the trust.

"The effects of this have now worked through the figures - all of which serves to illustrate the vital importance of vaccine development."

"The trust has always given priority to the search for vaccines in its funding policy and continues to rely on the generosity of the public, and increasingly industry and commerce, to keep its selected research projects up to speed."

But a spokeswoman for the Public Health Laboratory Service said that the increase in cases could actually be a good sign because it meant that doctors were becoming more aware of the symptoms of meningitis.

Meningitis is a "notifiable" disease whereby doctors have a statutory duty to alert the local authority when cases occur.

The number of cases confirmed by the laboratory between 1 July 1995 and 4 February 1996 was 998 but this dropped to 953 between 1 July 1996 and 4 February 1997.



The Spice Girls: Nominated for the Best Group award



Outstanding: The Bee Gees

Photograph: Big Pictures

Comedian holds court at the Brits

The success of the Brits ceremony, the biggest annual music awards, last night rested on the fast-talking comedian Ben Elton to keep the audience amused at Earl's Court in west London.

Choosing the host has been fraught with difficulty ever since a notorious performance of fluffed lines by Mick Fleetwood and Samantha Fox. The Fleetwood Mac drummer Mick - six-and-a-half foot tall - and the diminutive model and pop singer could hardly fit in the same close-up, let alone manage a seamless witty presentation. That year - 1989 - marked a low point for the show, which became a laughing stock.

The past two years have seen frenetic former Radio 1 disc jockey Chris Evans doing the honours, with rather more professionalism than most of his predecessors. But after last year's sensational stage invasion by pop star Jarvis Cocker, Evans announced that he would not host the Brits again.

So, this year it is Ben Elton's turn. The former *Saturday Night Live* compere has matured into a successful novelist and behind-the-scenes scriptwriter of *The Thin Blue Line*. He is now 37 and almost respectable. He has

attacked Hollywood's culture of violence in his latest book *Pygmalion*. But he is still just dangerous enough to hold the respect of the pop audience.

And since the ceremony was not shown live, Brit producers knew that they could edit any dubious gags before today's television screening.

The Bee Gees were named winners of the Outstanding Contribution to the British Music Industry award ahead of the ceremony, but among the nominations were George Michael, Mark Morrison, Simply Red, Sting, and Tricky as best male solo artist. Contenders for best female solo artist were Dina Carroll, Gabrielle, Donna Lewis, Louise, Eddi Reader, and for best group, Kula Shaker, Lightning Seeds, Manic Street Preachers, Spice Girls.

Best album nominees: *K* by Kula Shaker, *Ocean Drive* by Lighthouse Family, *Everything Must Go* by Manic Street Preachers, *Older* by George Michael, and *Moseley Shoals* by Ocean Colour Scene. Oasis won this category last year with *(What's The Story) Morning Glory?* This year The Manics have triumphed in every other poll, and should do here, too.

Billie-Jo's foster father questioned over her death

Jason Bennetto
Crime Correspondent

The foster father of Billie-Jo Jenkins, the 13-year-old girl who was found beaten to death at her home 11 days ago, was being questioned last night in connection with her killing.

Sion Jenkins, 39, a deputy headmaster, was arrested early in the morning by police in Hastings, East Sussex.

Billie-Jo died after being battered over the head with a 18in metal tent spike as she painted the patio doors in the back garden of her home in Hastings.

Mr Jenkins and his wife, Lois, held a press conference shortly after the killing on 15 February at which they said that their 10-year-old daughter was the first to discover the body of Billie-Jo. Mr Jenkins had returned home with two of his four natural daughters from a music lesson after leaving Billie-Jo alone for 40 minutes, the conference was told.



Left, Sion Jenkins, 39, legal guardian of Billie-Jo, 13



Mr and Mrs Jenkins, who last December assumed legal guardianship of Billie-Jo after fostering her for four years, said that they were devastated at the loss of their daughter.

The couple said they had been plagued by prowlers and

outrageous telephone calls and had felt a "sense of unease" since January. Mr Jenkins said: "We moved to the house because of the park and because of the children. But January has been a very strange and uneasy month. As a family, we have felt un-

easy about prowlers. On one occasion I was looking out of the back window and I thought I saw movement. I switched on the outside security light and got a fleeting glimpse of somebody moving about. Another time I saw somebody in the park staring at the house."

Mrs Jenkins, 35, a social services project manager in east London, said: "We had decided to move house because of the problems in the area."

The couple did not contact the police about the recent prowlers and telephone calls.

Mr Jenkins was being questioned by detectives at Hastings police station last night. He is the third man to be arrested. A 36-year-old man was released after questioning and a 44-year-old local man was released into secure psychiatric care.

A spokesman for Sussex Police said yesterday: "A local man in his thirties was arrested this morning and was helping with inquiries."

Duke joins forces with 'Viz' founder to recreate the golden age of steam

David Garfinkel

One of the strangest alliances in railway history occurred yesterday as Chris Donald, creator of the anarchic adult comic *Viz*, joined forces with the Duke of Northumberland in an attempt to recreate the golden age of steam train travel.

Mr Donald, who is responsible for bringing the likes of Johnny Rotten and the Fat Slags to Britain's news-stands, fulfilled a life-long ambition when he unveiled the £5m dream for a three-mile "castle-to-coast" service from Alnwick to Alnmouth. It is hoped the Aln Valley railway will run trains throughout the summer, and the trust backing the project believes it would generate £1.5m a year for the local economy.

Mr Donald, a railway fanatic who admitted that if he won the lottery he would buy his own

steam line, has already contributed to the launch by donating an engine worth £15,000. He already owns three former train stations and lives

in a converted one in Akeld, Northumberland. He said: "I am a huff, but I have always been particularly interested in preserving the lines around

Northumberland. At first I was very cynical, but when the idea was explained to me it seemed fairly sensible. As the father of two young children who read *Thomas the Tank Engine* books I am always being pestered to take them for a ride on a steam train. It's every trainpotter's dream to open up an old branch line and run a steam line."

And on the question of whether this venture would result in a new *Viz* hero, he said there was always a chance: "The characters in the comic tend to be people you meet, and I have met a myriad of disgusting trainpotter types, which all helps with source material."

More than 100 corporate heads and business leaders were invited to Alnwick Castle to see the plans for themselves as the trust courts would-be financial backers. The duke himself has accepted the role of president.



Chris Donald with a steam engine Photograph: Stuart Outerside

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On show: Reni's A Sibyl Photograph: Denis Mahon Collection

Crowning moment for cognoscente of Italian Baroque

Marianne Macdonald
Arts Correspondent

An impressive example of the work of the artist Annibale Carracci, the most gifted of the Italian family of painters, opens to the public at the National Gallery tomorrow.

The *Coronation of the Virgin*, one of Carracci's most serene and classical paintings, goes on show in the Sainsbury Wing as part of the "Discovering the Italian Baroque" exhibition, drawn from the collection of Sir Denis Mahon, the art historian and collector who recently announced that 61 of his art works would go to museums and galleries in the United Kingdom after his death.

The exhibition of 79 paintings and 30 drawings continues until 18 May and includes works by Reni, Poussin, Domenichino, and Guercino. Three paintings



which were sold in the 1970s - including *The Coronation of the Virgin* - have been lent to the National Gallery for the show. The Mahon collection, begun in the mid-1930s when the works of 17th century Italian painters were unfashionable, is considered the finest collection of 17th and 18th century Italian paintings formed in Britain this century.



Prize exhibit: Annibale Carracci's *Coronation of the Virgin* Photograph: Metropolitan Museum of Art. Above left: Denis Mahon

Starvation fears for dementia patients

Ian Burrell

Dementia sufferers are being left to starve in NHS hospitals and care homes by staff who do not understand their condition, campaigners have warned.

The Alzheimer's Disease Society has compiled a dossier of complaints from people who have watched patients waste away because they are unable to feed themselves.

The concerns follow the *Hunger in Hospitals* report compiled by the national hospitals watchdog, the Association of Community Health Councils, and first reported by *The Independent*.

The report, out earlier this month, showed that many patients were going without food in hospital. Relatives claimed that some people had starved to death.

The ADS is concerned for the welfare of patients with dementia who are awaiting treatment for physical ailments on wards where staff are not used to Alzheimer's Disease.

Harry Cayton, director of the society, said: "They are not being looked after by specialist nurses but by people with no specific training in dealing with dementia."

The society is in talks with the Royal College of Physicians to improve training of hospital staff in helping patients with dementia. It would also like small sections of general wards to be reserved for dementia patients and specialist staff.

Mr Cayton said: "Patients are being expected to feed themselves when they are not even aware that they have been given a meal."

The ADS has compiled a dossier of cases from around the country of dementia patients who have been allowed to go without food. It is compiling a report on the scale of the problem nationally.

Among those who have complained is Ruth Finch, a health professional from Essex, who said her aunt had been left to

go without food and drink in a hospital in Chelmsford, in November. Ms Finch was warned by a hospital orderly that her aunt was not being fed. She said: "When I asked the nurses I was told variously that she could feed herself, that it wasn't in the nursing plan for her to be fed and that they were too busy."

On one occasion, Ms Finch was told that although her aunt had declined a main course she had "enjoyed" a pudding.

"As I approached the bedside I could clearly see the square of sponge pudding in one piece on the floor at her feet," she said.

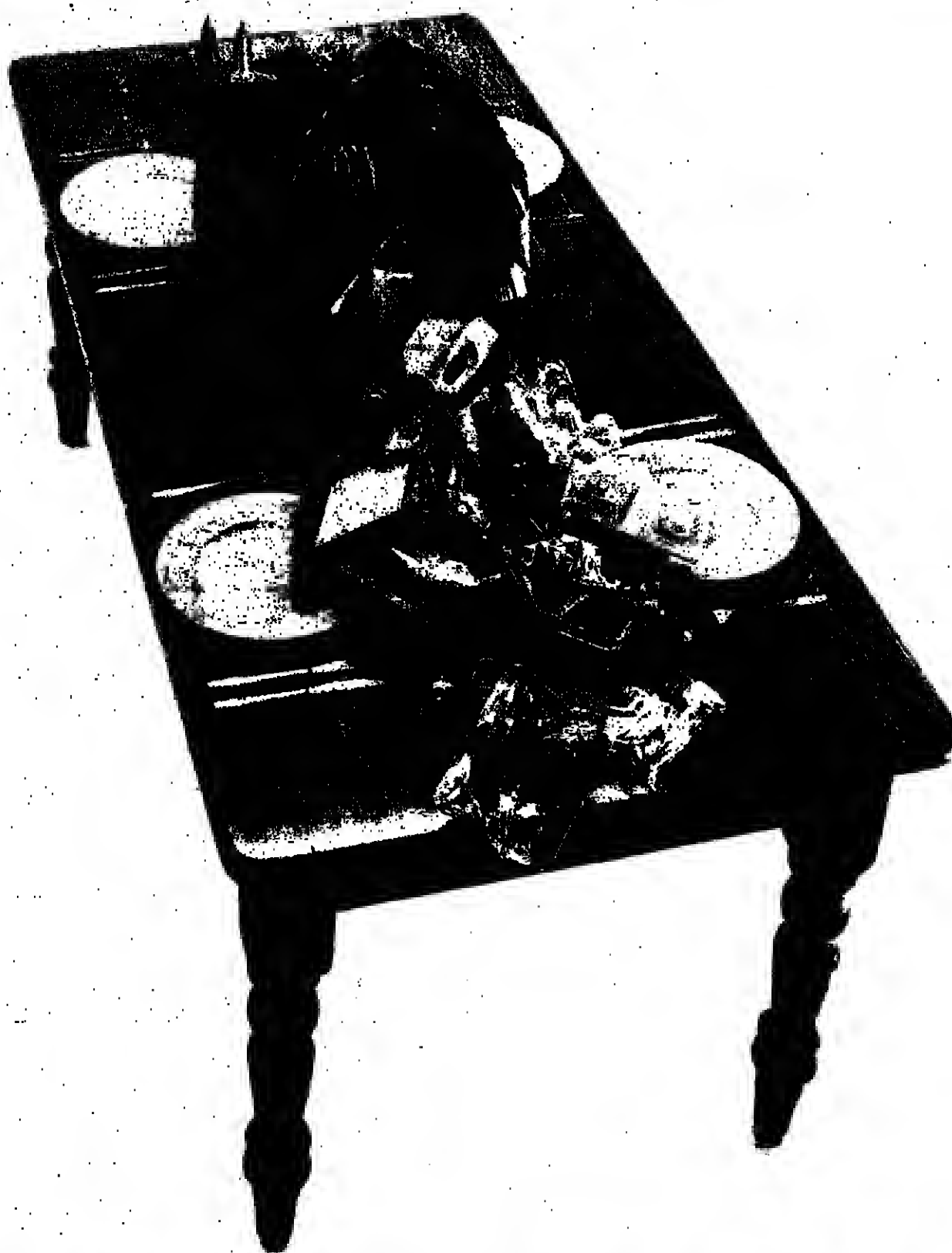
"Frequently food was left out of reach, some in cellophane wraps that defeated people or people were left asleep. Trays were collected without notice as to what had been eaten."

Beverley Kite, 59, of Camden, north London, said she had to sit and feed her mother in a north London hospital. Her mother, Ada Wheeler, 89, has dementia but had been admitted to the hospital for a hip replacement.

Ms Kite said that her mother and other patients with dementia had been left without food by auxiliary staff who had no understanding of the condition. She said: "People with dementia will die before they ever complain that they are not being fed. The auxiliary staff are not trained. They will go up to someone with dementia and ask them if they are hungry. When they get no answer they take the food away."

Maureen Sebastianelli, from North Shields, said hospital staff had little understanding of patients with dementia, such as her husband Victor.

The retired forklift truck driver was admitted to a surgical ward after breaking a thigh bone. His meals were often taken away still wrapped in the cling-film which he could not remove. Mrs Sebastianelli said: "The nurses are not up on dementia people. They need to be watched every minute, it is very, very hard."



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news

Labour pledge on NHS schemes

Colin Brown
Chief Political Correspondent

The Labour Party has written to Tory MPs promising that any incoming administration would honour private finance schemes for National Health Service hospitals that have been signed before the general election.

Where a contract has not been signed by the time a future Labour government took office, Chris Smith, the party's health spokesman, has told the MPs: "We will be seeking urgent ways of speeding up the process."

Mr Smith said any hospitals at the head of the list would continue to receive priority attention. The letters mark a sharp shift in policy from his predecessor, Harriet Harman, who attacked the private finance initiative as privatisation.

It was raised by Stephen Dorrell, the Secretary of State for Health, in a Commons debate led by Labour to attack the Government over the rise in waiting list figures to a record total of more than a million.

Mr Dorrell said that although Mr Smith had done a U-turn on

Labour policy, he had given no explanation of how an incoming Labour government would speed up the provision of private finance for hospitals, which could help to cut the waiting lists. "The letters are a sham," said Mr Dorrell.

He defended the figures for waiting lists, insisting that the number waiting for more than a year had been brought down from an average 200,000 to 22,000 by the Government's changes to the NHS, and by the Patient's Charter which insists on treatment within 18 months.

Mr Smith said that in spite of an assurance by the Government last week that cancer patients were not waiting for treatment, 42 per cent of cancer patients had to wait more than 30 days for treatment.

The NHS is seen by Labour as one of the key areas where Labour can defeat the Tories at the election, and all leave was cancelled for last night's vote, forcing Michael Portillo, the Secretary of State for Defence, to delay a trip to Hong Kong. But Mr Dorrell is defending the Government's position by

going on the offensive, with a series of initiatives for the expansion of family doctor services. He is to publish a draft Bill to encourage patients to take out private insurance for long-term care if they need it in their old age, to avoid having to sell their homes to pay for treatment.

He accused Labour of a "vacuum" over health policy and "empty rhetoric" but Mr Smith used the Opposition debate to warn voters in the Wirral South by-election on Thursday that if a Tory government was elected, it would herald the break-up of

the NHS, and a switch to private health, a charge which Mr Dorrell has vehemently denied. Accusing ministers of "massaging" hospital waiting list figures ahead of the by-election, he charged Mr Dorrell with "running rather too obviously" for the Tory party leadership instead of addressing the real issues and problems affecting the health service.

Opening the debate on the NHS, Mr Smith warned of a "general deterioration in the state of the health service".

Leading article, page 13

DAVID
Aaronovitch

Spiritual moment on the benches

Westminster is a bad place to find MPs at the moment — they are to be discovered just about anywhere else; 200 Labour MPs have, we are told, been campaigning in the Wirral, along with 50 Tories. Given that yesterday's keynote health debate was attended by fewer than 100 MPs in total, perhaps it would have been better to move business up to the Denis Thatcher suite in the Village Hotel, Brumborough. There, after prawn cocktails washed down with Mateus Rosé, Mr Deibel and Mr Smith could have traded statistics until it was time to go back on the knocker.

But those happy few who remained witnessed a rather moving, spiritual exchange. It came during the monthly five minutes in which the MP who represents the Church Commissioners, Michael Allison (C. Selby), answers questions from members about the Church of England.

The first up was Simon Hughes who — as a Liberal Democrat sitting for the seat of Bermondsey — is a kind of secular bishop, sent to save souls in a savage land. His first three Special Interests listed as Human Rights and Civil Liberties, Youth Affairs and Social Injustice, Mr Hughes reminds me of a youngish curate from a sitcom — always about to be let down by the worldliness of others.

He wished to deprecate the recent remarks of the ex-Archbishop of Canterbury criticising modern services. But the church should seek to "involve everybody", gushed The Rev Hughes, adding with gaudy vicarish matiness, "let's get 'em all in!"

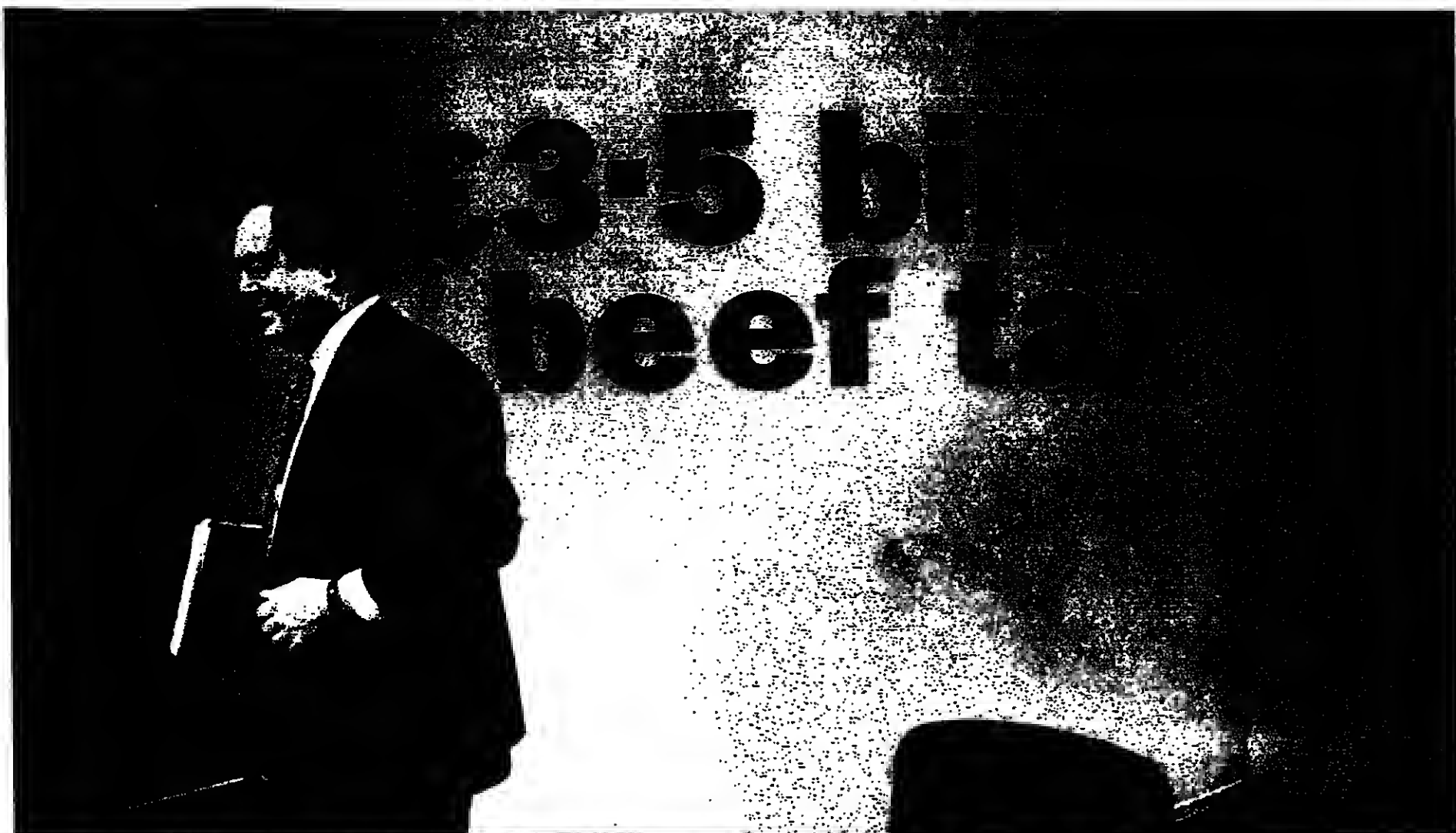
Orn! I don't want to be "got in", so that I can sing songs of social injustice alongside Simon Hughes; I don't think it's Parliament's business how many people go to church (or to synagogue or temple or mosque). But Mr Allison did. It was not just "Happy Clappies", who should be welcomed, but "the Militant Tendency, the National Front and others whose views are known to the congregation and in more exalted circles". This was a bit unnerving. I'd understood about High Church, Low Church, traditional and evangelical — but the revelation that Militant were involved came as a shock. What do they argue for at General Synod? Nationalise the top 200 sacraments? Punitive tithes for fat-cat archbishops?

Newham's Tony Banks tried to help out. He is a disestablishment man, and — perversely — took the side of tradition. What was driving people out of church, he said, were all these here oow-fangled services. "People don't go to church to be felt up by the person next to them," he said mystifyingly, "they go to have the hand of God laid upon them, not the hand of someone else." I think that something nasty once happened to Mr Banks in a church, and he has never quite recovered.

Mr Allison was unsympathetic. Never mind the Happy Clappies, he said, "the honourable gentleman — at-arse — represents the Shouty-Louty tendency!" who — presumably — go about breaking tambourines, belching during contemplation and heckling Simon Hughes.

The tone was raised by none other than Michael Fabricant, who wished to draw attention to the 801st anniversary of Lichfield Cathedral. "Last night," he told the House happily, "there was a service for Lichfield Girl Guides!" "Bet you were there!" shouted shouty-louty Tony. Mr Banks is almost certainly right; last week Mr Fabricant joined the celebrations of Lichfield Morris Men, dressed in waistcoat and ribbons.

On Sunday night I am sure that enthusiasm won out over discretion yet again, and that Mr F will have managed to squeeze into a fetching little blue outfit, complete with the statutory woggles. Ging-gang-goolie-goolie-wotch!



Meaty issue: John Prescott leaving yesterday's press conference after saying that disposing of BSE waste could take another 13 years

Photograph: David Rose

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Backlog of carcasses poses health risk, Prescott warns

Charles Arthur
Science Editor

The backlog of cattle carcasses waiting to be incinerated after the BSE crisis will take 13 years to clear because of "government incompetence", the Labour Party claimed yesterday. Just a week after a censure motion against the Government over its handling of the BSE crisis, John Prescott, Labour's deputy leader, reignited the row, alleging that a "BSE map" of Britain showed that "one of the BSE storage sites or rendering plants, or the incinerators and power

stations being considered for burning BSE waste". He also claimed that the backlog of beef carcasses and rendered remains awaiting incineration was creating a health problem. "We have heard of examples where carcasses are being piled up outside warehouses waiting to be burnt," he said. "This is public health information and we should all be aware of it."

He also attacked the "beef tax" created by the problem, which has cost Britain £3.5bn through lost exports, compensation paid to farmers and the cost of administering the culling, storage and incineration

of all cattle over 30 months old. But the claims were dismissed as "deliberate scaremongering" by Douglas Hogg, Minister of Agriculture, who accused Mr Prescott of trying to "undermine confidence in British beef". He insisted that the remaining carcasses presented "no risk to public health" because the most potentially infectious parts had been removed at abattoirs and incinerated.

The Intervention Board of the Ministry of Agriculture, Fisheries and Food said yesterday that it would be "extremely unlikely" that the rate of incineration of rendered

waste would continue at its present slow rate.

So far, the remains of just 4 per cent of the 1.27 million cattle slaughtered so far under a culling scheme agreed with the European Union have been incinerated. Only one company, ReChem, near Southampton, has a permit to burn such waste, to a total of 2,000 tonnes annually. But a spokeswoman for the Intervention Board said that nine other companies were now submitting tenders. "There is 168,000 tonnes of ground cattle remains in store, and 62,000 tonnes in cold stores waiting to be rendered," she said.

Portillo is holed up in the bunker as Blair finds the right range

Anthony Bevins
Political Editor

The difference between the Conservative and Labour election campaigns was shown yesterday when Tony Blair spent more than two hours at a Wirral hospital while Michael Portillo, the Secretary of State for Defence, visited a private golf club at nearby Eastham.

Health has been identified as the voters' prime concern in Thursday's Wirral South by-election, and the local media swamped Mr Blair's visit to the Arrowe Park Hospital, just outside the constituency. Labour was giving them what they wanted.

Meanwhile, over in the Tory camp the candidate, Les Byrom, toured the offices of a cable

communications company, accompanied by six party workers and a company photographer. Cabling has not yet been registered as an election issue.

Mr Byrom later welcomed Mr Portillo to his beleaguered campaign and the Secretary of State spent an hour giving interviews to television and radio at Eastham golf club.

Mr Blair's visit, which included tours of various hospital wards and departments, concluded with a lengthy private briefing session with hospital managers and staff and representatives.

At the end of his third visit to the constituency, the Labour leader said: "I don't know who Mr Portillo will be meeting in the golf club, but I think you will find in every part of this constituency

there are people who were Conservative but are now coming over to the Labour Party. I think Mr Portillo will find that as well, and one of the reasons for that is the type of conservatism Mr Portillo represents."

Mr Blair said that the one-nation conservatism represented by Sir Edward Heath was on the way out and that explained why a lot of people were switching to Labour.

But if yesterday's campaign showed up the difference between Labour and the Tory machines, it also illustrated the difference between a national press obsessed by the arrival of

give the local media a special, preferential session with Mr Blair, one side said there was another difference between local and national media — "people trust the local media".

With just two days to go to polling, today's campaign will be dominated by a visit from Michael Heseltine, the Deputy Prime Minister, who said three weeks ago that the Tories could expect a "kick" from the Wirral South voters. Labour will get a return visit from its deputy leader, John Prescott, and the Liberal Democrat leader, Paddy Ashdown, will spend an hour at a local primary school.

Labour will conclude its campaign tomorrow night with an open public meeting — a rare event in modern electioneering. Donald MacIntyre, page 15

Russians target UK spies in debt

Fran Abrams
Political Correspondent

Russian spies who are trying to infiltrate the British security services may be playing on agents with financial problems in order to subvert them, a House of Commons committee suggested yesterday.

The report says that all three intelligence services — MI5, MI6 and GCHQ — have had to withdraw security clearance from staff and contractors because they were in debt. The end of the Cold War has meant that while fewer agents are likely to betray their country for ideological reasons but are more likely to do so for money, it adds.

The annual report of the all-party Intelligence and Security Committee says Aldrich Ames, the CIA man who acted as a double agent for the KGB and whose activities led to the deaths of several of his colleagues, underlines the need for vigilance. Ames used much of the \$3m he was paid by the Russians to fund his second marriage to a "shopaholic" who was found to have 500 pairs of shoes. The committee warns that British agents must be watched constantly.

Tom King, chairman of the committee and a former Secretary of State for Defence, said there was no reason to believe that a British Aldrich Ames was operating undiscovered.

"There is absolutely no evidence at all that there is any question of a similar traitor working within the British intelligence agencies but the lesson to learn from the tragic and really awful experience in the US... is that no country can afford to sit back and assume that everything is all right," he said. Ames, who was tried for his activities in 1994, caused nine colleagues to be executed and a further three imprisoned, and the Commons committee says that the fall-out from the case has not yet stopped.

Its report says that in addition to staff being vetted when they join, their circumstances should be randomly checked throughout their service. It also warns of the risks of other countries using their intelligence agencies to gain commercial advantage over Britain. In one recent case, the American State Department advised some of its companies not to exhibit at the Paris Air Show because of fears of espionage, and John Major had asked the committee to look into the problem in this country. However, it concluded that Britain's agents were protecting its interests.

"The security service works both to counter the real and continuing threat to UK economic interests, and to provide protective security advice and assistance to government and direct to industry," it says.

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Kremlin sees silver lining in deal on Nato expansion

Phil Reeves
Moscow

It could be bluff, or it could be sincere. But, at least in public, Russia is slowly, tantalisingly, edging closer to striking a deal over Nato's plans to expand into Central and Eastern Europe.

The signs have been steadily trickling in. Yevgeny Primakov, Russia's Foreign Minister, yesterday left Brussels saying he was cautiously optimistic after his second meeting in five weeks with Nato's

Secretary-General, Javier Solana.

As the former Russian spy-master flew to Norway, Nato officials claimed genuine headway was being made with the issue, which has disrupted Moscow's relations with the West, revived a mood of Cold War suspicion and caused a political outcry in Russia.

Their hopes will have been further raised on Sunday, when President Boris Yeltsin said he had agreed to look for a compromise over Nato expansion,

and suggested it could be found at his summit with President Bill Clinton, in Helsinki, next month.

However, there is a whiff of gamesmanship in the air. By appearing willing to do business, the Russian President may hope to deflect blame on to the Americans should Helsinki bear no fruit. By holding out the prospect of a quick agreement, and with it a publicity triumph for the White House, he is putting pressure on his opponents.

The risk of failure remains, despite a genuine softening in the Nato debate, which was aided by last week's visit to Moscow by the US Secretary of State, Madeleine Albright.

Both sides have agreed in principle to set up a Russia-Nato consultative council with its own secretariat. But crucial differences remain, particularly over Moscow's demand for a legally binding charter with Nato, to be ratified by Nato member governments, which could take years.

Yet, Mr Yeltsin could also do with a publicity coup, after eight months of almost uninterrupted absence from the Kremlin in which resentment has swelled to a roar of anger over unpaid wages and pensions. If it contained some weighty and face-saving concessions, especially on the Conventional Forces in Europe treaty, a Nato deal in Helsinki may have some appeal.

In the past few days, he has begun the first perilous steps towards his comeback, albeit a

belated return, almost one-sixth of his way through his second term.

This weekend he had recovered some of his bombast on television to fulminate against his political foes, warning that they shouldn't attack "too hard, because I can fight back".

Yesterday, the President was on the nation's screens again, chastising his Prime Minister, Viktor Chernomyrdin, for failing to pay overdue wages and pensions and inviting him to

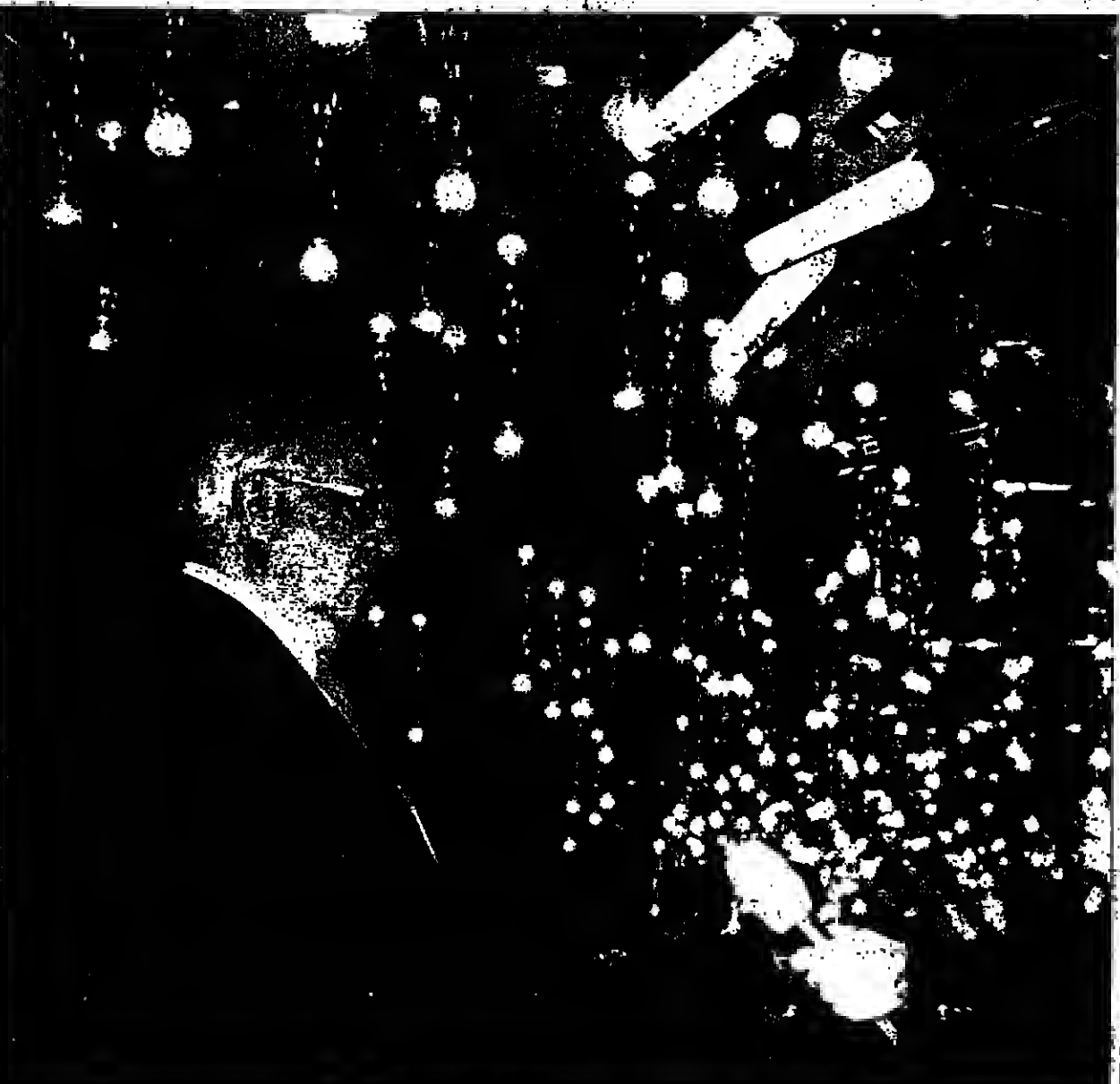
shake up his team. Such theatrical public scoldings of high officials are a standard tactic in the Yeltsin playbook, but it is a sign that he is on the mend.

So, too, was his decision to meet two of his most powerful allies yesterday, the new chairman of the Constitutional Court, Marat Baglay, and the Patriarch of the Russian Orthodox Church, Alexy II.

This burst of presidential activity is part of the warm-up for the ultimate test of his health, his speech to parliament on

6 March. It will please his advisers but is fraught with risks. His doctors and allies are aware that if he is forced to take to his bed again, the pressure on him to stand down will be hard to resist.

And if Mr Yeltsin goes, it would throw Nato's expansion plans into chaos. Even the most hardline Nato general is likely to think twice before pressing ahead with a policy that could swing Russian voters even further in the direction of anti-Western nationalism.



Question times: Mr Kohl's confidence has been shaken by public alarm over unemployment. Photograph: Reuters

Kohl seeks coalition on jobs crisis

Tom Heneghan
Bonn

Germany's government and opposition pushed off into the future yesterday, unsure whether their emergency tax-reform talks will lead to a grand coalition or mark the start of a bitter 1998 election campaign.

Cancellor Helmut Kohl and Social Democrat (SPD) chairman Oskar Lafontaine have both denied their rare "summit"

would lead to a cabinet reshuffle to include the SPD, but it aims at least for an all-party effort to fight an unemployment record of 4.7 million which threatens to prevent Germany from qualifying for the single currency. "Pull us out of the crisis," *Bild*, Germany's largest daily, appealed in a headline.

The issues are clear. Since the SPD majority in the upper house of parliament can block any new tax law, Mr Kohl needs its support to cut taxes by

DM30bn (£11.3bn) and lower unit labour costs, thus promoting more jobs.

Public alarm over rising unemployment is now so fierce that the SPD cannot afford to stonewall. Voters in next year's elections would punish them for delaying a solution. But the main opposition party cannot compromise so much that it ends up helping Mr Kohl build a re-election campaign on the claim that he pulled back Germany from the brink.

The best-case scenario calls for agreement on laws this year to start cutting taxes in 1998. In the worst case, both parties will revert to confrontation to pin the blame for the failure on the other.

Recent polls show Mr Kohl's centre-right coalition trailing an opposition alliance of the SPD and Greens. The Chancellor does worse than either possible SPD challenger, Mr Lafontaine, or Lower Saxony's state premier, Gerhard Schröder.

Netanyahu at bay as graft row worsens

Patrick Cockburn
Jerusalem

The political future of Benjamin Netanyahu, the Israeli Prime Minister, is in increasing doubt after the disclosure at the weekend that police had charged him with a long-running scandal surrounding the appointment of an attorney-general of a party hack sympathetic to the legal problems of members of his government.

Mr Netanyahu's attempt to disclaim personal responsibility for appointing Roni Bar-On, an obscure Jerusalem lawyer, to one of the highest judicial posts, exacerbated divisions in the cabinet.

Mr Netanyahu's lawyer said he should not be blamed, because he was misled by Tzahi Hanegbi, the Justice Minister, about the acceptability of Mr Bar-On to the Supreme Court.

Israeli television said, however, that when police questioned Mr Netanyahu last week about the affair they found his answers "evasive".

Whatever the outcome of the scandal, it has weakened Mr Netanyahu politically when he hoped to benefit, internationally and at home, from signing the Hebron agreement. Nahum Barnea, an Israeli columnist, wrote: "It is not Jerusalem which is really bothering Netanyahu right now, but rather the police investigation."



Hanegbi: Said to have misled PM over top legal job

tion, had orchestrated the candidacy of Mr Bar-On, who held office for one day. The specific accusation was that Mr Deri had threatened to block the Hebron agreement with the Palestinians unless Mr Bar-On got the job and Mr Deri won a plea bargain.

During the month-long police investigation it has become clear Mr Deri and others close to the government who were on trial or facing indictment were all involved in the appointment of Mr Bar-On. Worse, from Mr Deri's point of view, his own lawyer, Dan Avidan, resigned last week and denounced his former client. This has created the suspicion that it was he who leaked the story to Ms Hassan in the first place.

Mr Netanyahu has fought his way out of tight corners before. But he has yet to come up with a convincing explanation of his determination to replace the previous attorney-general with somebody more malleable and dependent on his goodwill. During the first weeks of the investigation it appeared possible the Prime Minister would be unscathed by the police investigation. In questioning him about the affair, however, police say he repeatedly said: "I don't know" and "I don't recall". They then cautioned him that he might face criminal charges.

Following this disclosure, Nissim Zivili, secretary-general of the Labour party, called for a fresh election, although

Labour itself is divided. Mr Netanyahu has hired his own lawyer, Yaacov Weizroth, a top criminal attorney, who repeatedly implied over the weekend, in defence of his client, that the Prime Minister was misled by Mr Hanegbi.

This may be good legal tactics if Mr Netanyahu's objective is to stay out of court, but he could pay a heavy political price for throwing one of his cabinet to the wolves.

Visiting King Hussein in Jordan over the weekend, Mr Netanyahu scolded his opponents of counting him out too early. He said: "I intend to continue to lead the state of Israel. I heard the (opposition) is getting ready for new elections. I have good advice for you: 'Wait. You have a good four years left in the opposition'."

The Prime Minister's office believes Mr Netanyahu is the victim of a campaign by the Israeli media. It particularly objects to analogies between Mr Netanyahu and President Richard Nixon during Watergate. At the weekend, Channel 2, Israel's commercial television channel, showed *All the President's Men*, a Malcolm Rifkind, the Foreign Secretary, condemned Israeli plans to build a settlement at Har Homa, in east Jerusalem, writes Sarah Helm. The European Union viewed the plans as "counter-productive to the overall success of the peace process".

Whitewater counsel faces new battle over credibility

Rupert Cornwell
Washington

After a week of controversy bordering on ridicule, the White House special counsel, Kenneth Starr, must rebuild the credibility of his investigation, and satisfy the demands of an increasingly impatient public for results in his 30-month probe of the Clintons and their business dealings in Arkansas.

Yesterday Mr Starr was back at work leading his teams of prosecutors in Washington and Little Rock, amid reports that on one vexed Whitewater issue at least, closure may be at hand. Like the FBI, the US Park Police and his predecessor as special counsel before him, Mr Starr is now said to have concluded - *mirabile dictu* - that the former White House deputy counsel Vince Foster, did not commit suicide on 20 July 1993.

Contrary to the unshakeable belief of conservative conspiracy theorists, Mr Starr is satisfied that foul play was not involved, nor did the President or his wife take part in a cover-up of the circumstances of the death of a close friend and aide entrusted, among other things, with personal Clinton papers relating to the original Whitewater land deal.

But this move alone is unlikely to restore the authority of his investigation, after a week in which he first announced he would step down on 1 August to become dean of a new law college at Malibu, California - only to reverse himself after bitter criticism from his right-wing supporters that he was walking out on a job half done.

Mr Starr insists his initial announcement did not imply he had decided he did not have enough evidence against either

the First Lady or the President to bring charges. The former Bush Administration solicitor-general says his investigation is still "moving forward" and he will stay on as long as required.

But the damage had been done. Despite the disclaimers, both pro- and anti-Clinton factions believe Mr Starr could not possibly have contemplated quitting if he was poised to take the historic step of indicting a First Lady and perhaps her husband (though most scholars believe that under the Constitution, he could not bring criminal charges against an incumbent president, but would present his evidence to Congress which would determine whether to start impeachment hearings).

In fact, his case on the issue where Mr Clinton is most vulnerable, that as Governor of Arkansas in 1986 he helped to organise an illegal \$300,000

loan to his former business partner James and Susan McDougall, rests on the frail testimony of McDougall, a convicted felon who has already twice changed his story.

As for Mrs Clinton, it is reckoned increasingly doubtful a court of law would find that the First Lady knowingly took part in a separate bogus land deal a decade ago in Arkansas, and then lied about it to the prosecutors and a federal grand jury.

But if the threat posed by one special prosecutor may be diminishing, the Clintons' lives could soon be tormented by a new one. After a string of new revelations of apparent White House fundraising abuses involving Asian Americans, even some Democratic legislators at the weekend joined Republicans in urging Janet Reno, the Attorney General, to appoint a counsel.

Empire State killer was broke



The Arab gunman in the Empire State Building attack was distraught over losing his life savings and had no ties to Palestinian radical groups, his relatives said yesterday.

A security review was underway in the wake of Sunday night's shooting rampage by Ali Hassan Abu-Kamal, 69, on the New York skyscraper's observation deck which left two dead and others wounded. After the attack, Abu-Kamal shot

himself in the head and later died in hospital.

The dead victim was identified as 27-year-old Chris Burmeister, a member of a Danish rock band.

The gunman's daughter, Linda Abu-Samra, said she could not believe her father, an English teacher, would resort to violence. "I'm in shock. I can't believe my father carried out this act," she said.

The gunman's son-in-law, Marwan Abu-Samra, said Abu-Kamal had no ties to Palestinian militant groups. Mr Abu-

Samra said that Abu-Kamal planned to invest his savings in the United States. However, he called home on Sunday and said he had financial problems and could not send tuition money to one of his sons who is studying civil engineering in Russia.

The mayor of New York, Rudolph Giuliani, sought to divert some of the responsibility on to the state of Florida, where Kamal apparently purchased the semi-automatic gun used in the attack. Florida has gun laws that allow foreigners to buy weapons in the state.

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international

Deng Xiaoping's cremation: 100,000 line the streets as party ensures smooth transition of power

China's leaders put unity to fore as last red emperor is given a macabre farewell

Teresa Poole
and Ted Plafker
Peking

"Unity after death", should have read the banners above the body of Deng Xiaoping as he lay wrapped in the red national flag and surrounded by flowers for a last macabre media appearance. For that was the message meant for the Chinese people last night, as state television broadcast the first and last pictures of the late patriarch's body, his grey-faced corpse now a centre-stage prop for those who would inherit his mantle.

Lined up solemnly to the front was President Jiang Zemin, the prime minister Li Peng, and the other five members of the standing committee of the party's politburo, the most powerful sub-committee in China. To one side was grouped the grieving Deng clan, including his wife and five children, sobbing as they bade farewell to a relative, and perhaps also shedding a tear for their lost status as the first family.

Arranged behind were about a hundred party and government elders, the remnants of the Long March generation such as Yang Shangkun and Bo Yibo, still very much alive as political wheeler-dealers. And all around were the state television cameras and photographers, failing to keep out of each other's way as they recorded for posterity this media show of unity.

The elite of Chinese politics had gathered at the military hospital to pay their last respects

the crowds lining the streets were less demonstrative. They were also less well-informed about how the morning's events were due to unfold. Indeed, confusion reigned among those gathered outside about when, or even whether, the cortege would be passing by.

In what is perhaps an apt metaphor for China as a whole at this tender juncture, the curious onlookers seemed only to know that the great man had died, that his demise has occasioned a good deal of hustle, and that they might or might not, from where they stood, be able to observe it directly.

Clearly, they wanted to. "I want to pay my respects. Deng Xiaoping is the greatest figure in China's modern history, and I just feel I want to be here," said a woman in her thirties in a comment that echoed the sentiments of many.

Absent, however, was any sense that high political stakes are in play. There is among Peking residents a fair diversity of opinions about the prospects for Jiang Zemin's long term survival as China's leader, but few who believe that the system itself might change as a result of his replacement by any of his known contenders who are, after all, cut from essentially the same cloth.

"The framework of economic reforms left behind by Deng Xiaoping is going to be followed. Everyone knows this, and it is only a matter of how fast or how slow," said a Peking academic who specialises in Taiwanese affairs.

Regardless of whether such certainty is justified, it marks a sharp contrast with China's reaction to the death in early 1976 of Premier Zhou Enlai. For many of the Peking residents old enough to remember it, thoughts turned repeatedly to the day his corpse was transported to the same cemetery.

"I was standing on the Avenue of Eternal Peace for Zhou Enlai also, and the feeling was very different. There was such pressure then to oppose the Gang of Four, who were in control, and there were very few ways to express dissatisfaction," said a man in his seventies, retired as an editor with the state-run Xinhua news agency.

Now there seems to be no kind of struggle like that, and so people are just here to pay their respects.

Some of those too young to remember such times, however, reacted more cynically to the whole affair. Precisely 12 hours after Deng's cremation, a young waitress could not keep from talking back to the most demonstrative of the mourners seen sobbing on the television in her noodle shop near the Peking train station.

"What are you crying about, granny? My, but all the noble people come out when something like this happens!" said the 19-year-old migrant from Anhui province.

In the private hall of the cemetery, the family bade their final farewells. "Papa is not dead," wailed the Mr Deng's youngest daughter, Deng Rong. "Today will be the official memorial service for 10,000 invited officials in the Great Hall of the People. Just next door, in Tiananmen Square, stands the vast mausoleum which houses Chairman Mao's increasingly way-looking corpse. The first few years of the post-Deng era may decide just how long it must be before the Great Helmsman can finally be given a dignified burial.

In contrast to the emotion-choked mourners who were bussed in past the police cordons and then featured on state-run television's saturation coverage of the ceremony,



Final act: Deng's widow, Zhuo Lin, kisses her husband's body at yesterday's funeral ceremony watched by daughters Deng Nan, left, and Deng Rong

Photograph: Reuters

Dynasty is left exposed to resentment

Teresa Poole

While the emperor lived, his offspring made the most of the opportunities on offer to China's first family, whether it was by securing attractive business opportunities, signing lucrative book deals, or selling artwork to collectors. Those who sought out the patriarch's children must have assumed that a Deng business partner or the purchase of an expensive painting by a Deng daughter might open up their main claim to influence is gone.

In the closing years of Mr Deng's life, it was his children and his wife, Zhuo Lin, who, if not powers behind the throne, did control who crossed the threshold of the antechamber.

against such "princelings", the children of China's top communist party leadership.

Politically they are also vulnerable: China's current leaders are unlikely explicitly to target the former patriarch's children in the short term, but will demand that they fall into line behind the current leadership strategy for a smooth transition. After today's memorial service, the Deng family may find it prudent to adopt a considerably lower profile now that their main claim to influence is gone.

In some instances, members of the former patriarch's family have found themselves uncomfortably close to scandal, though never directly implicated. The husband of Deng Rong

is He Ping, who was in an embarrassing position last year when a subsidiary of the China Poly group, where he held a senior position, was linked to a Chinese AK-47 smuggling operation into the United States.

One of Deng's sons, Deng Zhifang, stepped down in 1995 from a senior position at a Hong Kong listed subsidiary of the mainland state steel giant, Shougang Corp, after an associate, Zhou Beifang, who was head of another Hong Kong Shougang company, was arrested on corruption charges and subsequently given a suspended death sentence. Deng Zhifang also has a number of property development interests.

The eldest son, Deng Pufang, who has been in a wheelchair since jumping out of a window during the Cultural Revolution when persecuted by Red Guards, saw his Kang Hua investment company closed in the Eighties on allegations of irregular business activities. Since then he has gained more respect by devoting his time to working for China's disabled.

Deng Lin, the rather jovial artistic eldest daughter, shunned politics and business in favour of painting, and her works have enjoyed considerable popularity, as well as healthy prices. In Hong Kong in 1993, she exhibited a series of large carpet-tapestries which were priced at up to £30,000.

"Deng Lin bears the benefits and burdens of her father's

power," said the catalogue. She wanted to be judged "without prejudice". Her husband, Wu Jianchang, found his marital connections no hindrance to building up a small business empire in Hong Kong, heading three quoted subsidiaries of the state China National Non-Ferrous Metals Industry Corporation.

The most overtly political of Mr Deng's children is Deng Nan, a physicist who is vice-minister of the Science and Technology Commission. Her political influence behind the scenes is difficult to gauge, but she was rumoured to have persuaded her father to make his southern tour in 1992, the event which sparked China's recent economic boom.

Albright stands firm on human rights

"I said I would tell it like it is, and I told it like it is," said the US Secretary of State, Madeleine Albright, of China's human rights record. "I don't want to speculate over whether I was able to narrow the differences or not," she added, saying that "if there was not further progress" the US would back the annual resolution against China at the UN Human Rights Commission in Geneva next month. writes Teresa Poole.

Winding up a whirlwind

round-the-world trip, the new secretary of state's last stop in Peking was the most challenging, attempting to set the tone for the next phase of the volatile Sino-US relationship just days after the death of the former patriarch, Deng Xiaoping.

Yesterday, Ms Albright became the first senior foreign diplomat since Mr Deng's death to meet President Jiang Zemin, the prime minister, Li Peng, and the foreign minister, Qian Qichen, whom she de-

scribed as all in "deep mourning". A US official said Mr Jiang was "quite sombre, appropriately so". However, the official added: "I thought he looked quite confident, and quite sure of himself."

In a rare indication that the Chinese president might partly write his own speeches, the official said: "President Jiang talked at length about the legacy of Deng Xiaoping, about the memorial service, and the fact that he would be giving the pri-

mary address, and how hard he'd been working on it and how much he'd been thinking about it."

Ms Albright said she had expected that her visit would be cancelled, coming as it did on the day Mr Deng was cremated and on the eve of this morning's memorial gathering.

The fact it went ahead was "a very important sign of their desire to pursue the US relationship and the continuity within it", she said.

Ms Albright was scheduled

to fly out of China early today so as to be out of the country before the start of the memorial service for Mr Deng, to which no foreign dignitaries have been invited.

The Secretary of State said she had been received "with the greatest kindness and interest", but there was clearly little time for any substantive progress on the many problems - human rights, market access, Taiwan, weapons sales - which beset the bilateral relationship. However, the improved

tone set towards the end of last year has continued. "I am confident, based on today's meetings, that the vigorous strategic dialogue that is developing between the US and China will continue," said Ms Albright, confirming that the US Vice-President, Al Gore, will visit Peking next month.

A summit between Mr Jiang and President Bill Clinton is likely before the end of the year, if the Chinese political situation remains stable.

Portillo in Hong Kong rush job

Stephen Vines
Hong Kong
Christopher Bellamy
Defence Correspondent

Michael Portillo, the Secretary of State for Defence, will tomorrow be making a whirlwind tour of Hong Kong, lasting less than a day. Government officials in the colony have been left wondering whether this has more to do with the Conservative Party's leadership concerns than the defence of the realm. Ostensibly, Mr Portillo will be in the colony as part of routine inspection of troop duties. However, he will barely have time to shake hands with the troops up near the Chinese border before being whisked off to see the remnants of the naval presence and the newly arrived Black Watch battalion who have barely had time to unpack.

The suspicion about political motives has been heightened by Mr Portillo's insistence that his



Michael Portillo: Suspicion over motives for his visit

press entourage for the trip should consist of political correspondents rather than defence writers who would normally be present on occasions such as these.

He had been scheduled for a three-day stay in the colony but the lack of a Conservative majority in the House of Commons meant he needed to be present for a parliamentary vote yes-

terday and will not be able to leave London until this afternoon.

From Hong Kong, he will fly to Brunei, where Britain has 950 troops including 600 Gurkhas, all paid for by the Sultan.

The visit is also expected to result in the signature of a deal to buy up to three corvettes - fast but heavily armed small warships of about 1,500 tons each, designed for policing the country's Exclusive Economic Zone and protecting natural resources as well as possible use against the growing threat of piracy.

The deal for the ships, their equipment and related training could be worth up to £250m. Although relatively small in defence terms, the timing of the deal is highly significant in the run-up to the general election and also to a major defence exhibition, called Idex, in Abu Dhabi next month.

The United Arab Emirates could be in the market for a

much bigger order - six patrol boats and six corvettes.

Ministry of Defence sources said Mr Portillo was due to meet the Sultan during the visit on Thursday. Also on the agenda is a joint military exercise to take place in April called Setia Kawan II, involving 2,500 British personnel, and the Defence Procurement Memorandum of Understanding signed by the Sultan and John Major in 1994.

The brevity of Mr Portillo's visit to Hong Kong serves to underline a feeling of British neglect in the colony. Both Malcolm Rifkind, the Foreign Secretary, and John Prescott, Labour's deputy leader, have truncated recent visits because of parliamentary pressures at home.

Mr Rifkind's visit last week has stirred some controversy because of suggestions that he used his very short time in the colony to engage in Conservative Party fundraising.

However, this has been categorically denied by Wilma Croxson, the vice-chairman of the Conservatives Abroad organisation in Hong Kong who organised a cocktail reception for Mr Rifkind at Hong Kong's luxury Mandarin Hotel.

"It was a fund-raising event," she said regretfully, not enough money was raised from the £24 entrance fee to cover the hire of the room and the drinks. Mr Rifkind stayed for less than half an hour and the subject of party funds was not raised.

It is a far cry from the days when Hong Kong tycoons were among the Conservative Party's main benefactors and John Major was able to walk away from a select dinner with the colony's tycoons after pledges of millions of pounds had been made.

Those same tycoons now want nothing to do with anything British; their benevolence is strictly reserved for the incoming Chinese regime.

Pop concerts that must dance to a different tune

Stephen Vines

Is it safe for children to attend pop concerts featuring "sexy dancing and sexy costumes"? Definitely not, says a Hong Kong urban councillor, Jennifer Chow, who is proposing a classification system, similar to that used for films, so that parents can be warned about what their children might see.

Ms Chow has discovered that concerts used to consist of "one person singing" but "now they use many new selling points such as sexy dancing and sexy costumes".

The chief culprit appears to be the Hong Kong mega-star Leslie Cheung who has just completed a highly successful series of concerts at which he was seen clutching his crotch.

This form of behaviour is not entirely unknown at pop concerts; anyone who has at-

tended a Madonna concert would be startled to learn that Mr Cheung was being unduly provocative.

However Ms Chow says she has conducted a survey of 360 parents and found that 90 per cent were worried about what might be seen at a pop concert.

Ms Chow is a member of the august body which recently decided that Elton John could only perform at an open-air pop concert to mark the handover of Hong Kong if the audience wore headphones so as to reduce the noise level.

Hong Kong seems to have a problem with the performing arts. Films and television programmes depicting violence acts in graphic detail have routinely been declared as suitable family entertainment whereas naked parts of the human body seem to give great offence.

A couple of years ago the

colony's Obscene Articles Tribunal ruled that a statue of a naked man by the world renowned sculptress Dame Elisabeth Frink was a Class II piece of work meaning it fell into the category of being either violent, depraved or repulsive. The statue was allowed to remain on display after the penis was covered with a cardboard fig leaf.

Like the Elton John concert which was cancelled, the statue was later withdrawn. It remains to be seen whether Leslie Cheung will also have to be withdrawn from alongside a host of other pop stars. Ms Chow is not without her critics. Ada Wong, another urban councillor, says that Hong Kong youth face problems somewhat more profound than exposure to pop concerts. She said her main concern was the freedom to perform rather than the performance.

هكذا من ألدل

Ragged rebels who must face professionals

Andrew Marshall and agencies

Papua New Guinea turned to overseas security advisers after its requests for assistance from Australia for help against rebels were turned down, according to reports in the *Australian Herald*.

The *Sydney Morning Herald* reports today that Papua New Guinea (PNG) requested assistance from Canberra, including electronic intelligence to pinpoint rebel radio broadcasts and body armour. But these requests were turned down. Australia believes there needs to be a politically negotiated solution to the crisis in Bougainville.

About 10,000 people, mostly civilians, have died in the nine-year separatist civil war in the island of Bougainville, according to official figures compiled from PNG government sources for support for the UN Commission on Human Rights.

The rebel Bougainville Revolutionary Army (BRA) demanded independence from Papua New Guinea after a long-running dispute among indigenous landowners and the Australian operators of what was then the world's largest copper mine, Conzinc Riotinto Australia (CRA), one of Australia's biggest mining companies, itself 49 per cent owned by Britain's RITZ. The people of Bougainville complained that the land had been stolen from them, and that the mine caused deadly pollution.

The rebels are largely armed with home-made rifles, salvaged machine-guns from crashed Second World War aircraft, and even bows and arrows. But despite their pathetic armaments, they forced the mine to close in 1989 and the government army retreated from the island nine months after that. The PNG army has been accused by natives and human rights activists of atrocities ranging from the burning of villages to rape and torture.

Australian newspapers have reported that the government



had approved a A\$36m (£22m) covert operation to end the rebellion. Sources in Papua New Guinea have confirmed that over the past two weeks two Russian aircraft have been active between Port Moresby's Jackson Airport and the northern coastal town of Wewak.

The mercenaries are understood to be training at Moem Barracks near Wewak, from where the offensive on the BRA would be launched. The operation could also involve the freeing of five soldiers held captive for six months.

PNG's Prime Minister, Sir Julius Chan, said yesterday that media reports that his government planned to use mercenaries were inaccurate and sensationalist. But he confirmed that his government had hired Sandline International to help train government soldiers. "Yes there is training going on at the moment, training for our under-equipped, under-trained and under-resourced security forces," he said in a statement.

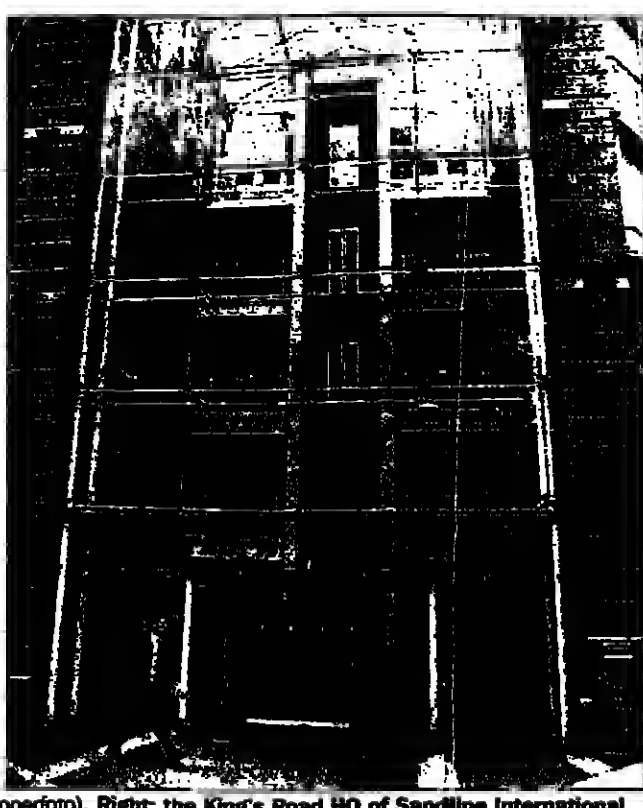
Papua New Guinea Defence Force Chief of Staff Colonel Jack Tuat said the latest training was no different to that involving Australia, New Zealand and the United States. "We are occasionally bringing in people to train our guys on the use of new and specific equipment," Mr Tuat told Reuters.

But the reports have sparked a crisis in relations between Australia and PNG. "We would regard the use of mercenaries as an extremely unwelcome development in the South Pacific," Australian Prime Minister John Howard told parliament yesterday.

Foreign Minister Alexander Downer said he had urged PNG last week not to use mercenaries, adding such a move would significantly damage the country's international standing.



Rebels have defeated troops like (left) the sharpshooter guarding copper-mine offices (Popopo). Right: the King's Road HQ of Sandline International



"I will use any vehicle which is reasonable that I possibly can to try to stop this operation going ahead," he said.

"What I made clear to Sir Julius Chan and to other ministers ... was that if there was a resumption of any military activity on Bougainville, then it would be regarded by Australia as absolutely disastrous."

Poverty-stricken Papua New Guinea's willingness to commit A\$27m in funds to a secret military adventure is bound to raise questions among donor countries and institutions. However, the Prime Minister said Australia would not threaten to cut off its A\$320m aid programme.

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significant shorts

Jewish leader says Rifkind row blown up

Ignatz Bubis, leader of Germany's Jewish community, said British outrage over a German newspaper reference to the Foreign Secretary, Malcolm Rifkind, as a Jew was overdone. The *Frankfurter Allgemeine Zeitung's* mention of Mr Rifkind's background may have sounded worse to English-speakers than German-speakers. "In ... German ... it depends on the context. And in the context of the FAZ article, that was clearly not the case." The journalist was trying to point to an irony about Mr Rifkind quoting Luther, added Mr Bubis. "It was perhaps an unfortunate choice of words, but the reaction is completely overdone."

Reuter - Bonn

Demon for fashion

A French woman was given a one-year suspended sentence and told to pay damages for harassing the designer Paco Rabanne by accusing him of satanic powers. Rabanne, who has written on the supernatural, said Josianne Pasquier went to his boutique, trying to dissuade clients from entering "Satan's den".

Reuter - Paris

Sex-for-visas row rocks Taipei

Allegations by the former head of Washington's *de facto* embassy in Taipei that staff extorted sex and money from visa applicants swept Taiwan. James Wood said staff took bribes, \$5m (£3.1m) in visa fees was missing and an investigator forced at least one applicant to trade sex for a visa approval.

Reuter - Taipei

Russian peace-keepers killed

Georgia condemned a blast in the breakaway Abkhazia region which killed three Russian peace-keepers. The head of the Russian mission blamed Georgian "terrorists". The incident occurred when an armoured troop carrier hit a mine.

Reuter - Tbilisi

Pyramid scam propped party

One of Albania's collapsed pyramid schemes paid \$50,000 (£31,250) to the governing Democratic Party before elections in May, according to the state controller's office. The party, accused of widespread vote-rigging, denied profiting from the schemes, which have cost thousands of depositors their savings and led to unrest and calls for the government to resign in responsibility.

AP - Tirana

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obituaries / gazette

Professor D. A. Heath

D. A. Heath was the distinguished George Holt Professor of Pathology at Liverpool University for 25 years, from 1968 to 1993. During this time he stimulated research into many aspects of heart and lung disease, stretching from the Andes of South America to the intricacies of heart-lung transplantation.

Donald Heath was born in Henley-on-Thames in 1928 and educated at Henley Grammar School. He entered medical school at Sheffield University immediately after the Second World War. Although this was a period of austerity, he always spoke of his time at Sheffield with great affection. Even in those early days his at times acerbic academic character was



Heath: pulmonary circulation

firmly moulded. When a fellow undergraduate, discussing the whale meat which regularly appeared on the university menu, commented "This fish stinks", his only rejoinder was "Any fool knows a whale is a mammal".

Following graduation, Heath's chosen career was in cardiology and he was fortunate to be appointed in 1953 to the recently created Regional Cardiovascular Centre at the City General Hospital, now the Northern Hospital, in Sheffield. There, as a young man, he was faced with the responsibility of caring for patients who were often very ill. Most were ill, breathless and suffering from high blood pressure within their lungs. Some were infants and children with congenital heart disease while others were middle-aged men who had been miners or steel-

workers. As a student Heath had been taught that diseases of the heart affect the lungs and vice versa; and that the channel through which this takes place is the pulmonary circulation. He was puzzled as to what were the changes in the pulmonary circulation which so profoundly influenced the clinical picture, treatment and prognosis of the patients. At the time, the medical profession as a whole was equally ignorant.

A Leverhulme Research Fellowship of the Royal College of Physicians allowed Heath the time to begin study of the pulmonary circulation. This was followed by a temporary lectureship in pathology which took him, in 1956, to the Department of Pathology at Birmingham University.

During his first year here he was awarded a Rockefeller Travelling Fellowship from the Medical Research Council, which enabled him to spend a year under the stimulating tutelage of Dr Jesse Edwards at the Mayo Clinic in Rochester, in the United States. The clinic was a leading international centre in the emerging field of heart surgery. It proved to be a decisive year. Heath never found his way back to cardiology. He stayed at Birmingham for 12 years, the last four as Reader in Pathology.

In 1968, he was appointed to the George Holt Chair of Pathology at Liverpool. He was to prove a staunch champion of his department and of the university. In his early days there he devoted much time and energy to the successful transfer of the pathology department from the university campus to the new Royal Liverpool Hospital, whilst accommodating the increasing requirements of faculty, university and NHS administration. In teaching, his fondness for prowling around the lecture theatre using the board pointer like some kind of medieval lance soon taught students there was no safety in the back row.

It is, however, in academic research that Heath made his international contribution to the field of pathology. He had an unshakeable belief in the fundamental importance of academic

endeavour. When he came to Liverpool he was the author of some 100 papers and several books: *The Human Pulmonary Circulation* (1962), written with Professor Peter Harris, became a standard text. When Heath retired in 1993 this number had risen to over 300 papers and several more books. His interests continued to expand to include work on the carotid body and particularly the study of the biology of high altitude. He first visited the Peruvian Andes in 1965, with Peter Harris, his friend and colleague, as part of their study of the pulmonary circulation. These visits continued for the next 24 years, to both the Andes and the Himalayas.

Heath was unquestionably a dedicated academician. His last paper, "Travellers on a Hidden River", was accepted for publication on 13 January 1997. In November 1996 the book *High Altitude Medicine and Pathology*, on which he and I collaborated, received an award in the BMA Book Competition for 1996. Both gave Heath considerable pleasure, despite his declining health. His zest for fieldwork never abated, and during the summer of 1996 he was the driving force behind work undertaken in Bolivia.

An insight into Donald Heath's enthusiasms may be gained from the opening sentences of a contribution he made in 1993 to the medical journal *Thorax*:

The well-ordered life of a pathologist can be disrupted if he falls into the hands of adventurous clinicians. I was never meant to build or maintain a career in mountains at high altitude but my long association with Peter Harris determined otherwise.

It proved also to be a mutually stimulating and fruitful clinical-pathological relationship which brought great distinction to both of them and their respective academic institutions.

David Williams

Donald Alben Heath, pathologist, born Henley-on-Thames, Oxfordshire 4 May 1928; George Holt Professor of Pathology, Liverpool University 1968-93; died Southport, Lancashire 10 February 1997.

David Segal

One of the most popular figures in English Yiddish theatre for nearly 50 years was the splendid character actor David Segal. He found his true métier and great popularity in comedy character roles. His entrance was always greeted by a warm round of applause, which would later erupt into gales of laughter.

Playing in weekly repertory, it would have been easy for him to impose the persona of David Segal on to the stock comedy characters that were part of the repertoire. Instead, he chose to immerse himself in the character he was playing and would transform himself into the henpecked husband, the put-upon beadle of the local synagogue, or the bumbling matchmaker.

Segal had received his training in classical Yiddish theatre and could acquire himself admirably in many of the classic roles of the repertoire. Particular highlights of his work were Hershele, the Scribe in *Gordin's God, Man and Devil*, the Rabbi in *Anski's The Dybbuk* and what the press described as "a towering performance" in the Sholem Aleichev Centenary production of *Hard to be a Jew*. He won great acclaim when playing the title role in the Yiddish production of *The Merchant of Venice* in 1946.

Segal's great versatility was helped by his mastery of the art of make-up. This was extraordinary, as he was colour-blind and could only choose the correct colour by checking the numbers on his make-up sticks.

David Segal was born in Vilna, Poland, into a family with no theatrical background, but his love of the Yiddish language and the theatre led him to join an amateur group as a teenager and he became a professional actor in his early twenties. He toured Poland with the leading Yiddish actors of the day and from 1928 until 1933 appeared in Romania along with his wife, the actress Meta Segal.

They both arrived in London



Segal: the art of make-up

In 1933 as members of the Pavilion Theatre company, they staged the segis of the actor-manager Madam Fanny Waxman. These were the final performances of Yiddish theatre at the Pavilion before it closed later that year. With Fanny Waxman's company, the Segals toured the provinces and later appeared in Belgium, alongside such luminaries as Jacob Ben Ami and Berta Gersten.

David Segal later became a member of the Yiddish National Theatre, in the East End of London, under the artistic direction of Meier Tzelniker, with whom he later successfully toured South Africa.

The outbreak of the Second World War found Segal on the sea voyage back to England, where he and his wife decided to make their permanent home. He joined the company at the Grand Palais, where he worked until the theatre closed in the early Sixties, and then toured with the company, which went on to operate on a mobile basis. He continued to work until his 80th year.

Bernard Mendelsohn

David Segal, actor, born Vilna, Poland 23 October 1901; married Meta Segal (died 1982); died London 6 February 1997.

Births, Marriages & Deaths

Family flowers only. Donations, if desired, to Memorial Fund, c/o D. & A. Mann, Otton (telephone 01631 562562), to whom any enquiries may be addressed.

WRIGHT: Austin (sculptor), aged 85 years, died peacefully on 22 February at Meadowfields Community Unit, York. Private cremation on 26 February. Memorial service to be held at All Saints' Church, The Green, Upper Poppleton, York, on Wednesday 12 March at 2.30pm. Donations in lieu of flowers may be made either to York University Young Musicians Fund or the Yorkshire Sculpture Park.

For Gazette BIRTHS, MARRIAGES & DEATHS, please telephone 0171-293 2011 or fax to 0171-293 2010.

us, St Victorinus of Corinth and his Companions and St Walburga.

Dinners

Foreign and Commonwealth Office
Sir Nicholas Bonsor St MR Ministry of State for Foreign and Commonwealth Affairs, hosted a dinner yesterday evening at the House of Commons, London SW1, in honour of Mr Ljubomir Frckovski, Foreign Minister of Macedonia.

Birthdays

Miss Elsie Brooks, singer, 52; Mr Tom Courtney, actor, 62; Lord Crichton, former chairman, National Rivers Authority, 63; Sir Antony Duff, former Deputy Secretary, Cabinet Office, 77; Lord Gill, a Senator of the College of Justice in Scotland, 80; Sir Alexander Gordon, architect, 80; Mr George Harrison, musician, 54; Mr Tony Lloyd MP, 47; Dr Harvey McGregor QC, former Warden, New College, Oxford, 71; Mr Frederic Mullaly, novelist, 77; Dr Lewis Moonie MP, 50; Mr Robert Neame, brewer, 63; Maj-Gen Sir Laurence New, former Lieutenant-Governor of the Isle of Man, 65; Sir Roger Parker, a former Lord Justice of Appeal, 74; Mr George Paul, chairman, Norwich Union Insurance, 57; Sir David Putnam, film producer, 56; Lt Col John Stephenson, former Secretary, MCC, 66; Professor Sir Stewart Sutcliffe, Principal and Vice-Chancellor, Edinburgh University, 56; Mr Anthony Verity, former Master, Dulwich College, 55; Sir Michael Wheeler-Booth, Clerk of the Parliaments, 63; Marshall of the RAF Sir Keith Williamson, former Chief of the Air Staff, 69.

ROYAL ENGAGEMENTS

The Queen received the President of the State of Israel, Shimon Peres, and his wife, Leah, at the Palace on 24 January.

Changing of the Guard
The Household Cavalry Mounted Regiment, the Queen's Life Guard at Horse Guards, 11.45.



Julie Adams and Ben Chaplin in the Essex-scripted Creature from the Black Lagoon, 1954. Photograph: Fotol

Harry Essex

Shortly before memorably cooling himself by standing over a subway grating in Billy Wilder's *The Seven Year Itch* (1955), the nameless "Girl Upstairs" (Marilyn Monroe) told her escort (Tom Ewell) how sorry she felt for the leading character in the film they had just seen: the hideous, slimy Creature from the Black Lagoon. Harry Essex, one of the screenwriters who brought this monstrous but somehow appealing half-man, half-fish to the screen, was also responsible for another 1950s science fiction classic.

Born in New York City, Essex wanted to be a writer from early boyhood. After graduating from St John's University in 1936, he did welfare work by day, while writing for the theatre by night. His play *Something for Nothing* was produced on Broadway in 1937. He went to Hollywood in the early 1940s, and was starting to do well in films when wartime service intervened.

After demobilisation from the US Army Signal Corps, he and Martin Rackin wrote *Desperate* (1947), a taut thriller directed by Anthony Mann. In Essex's screenplay for *Frighthead City* (1950), smallpox was unknowingly carried around New York by a smuggler (Evelyn Keyes). Unfortunately, while

the film was still in production, 20th Century-Fox released *Panic in the Streets*, in which pneumonia plague was unknowingly carried around New Orleans by a murderer (Jack Palance); consequently, *Frighthead City* was shelved for nearly a year.

Essex co-wrote Universal's *The Fat Man* (1951), which starred J. Scott Smart as the obese detective Brad Runyon, a role he had played on radio since 1946. The series was developed especially for radio by Edith Hamilton, creator of *The Thin Man*, but as he had just been jailed for refusing to co-operate with the House of Representatives Committee on Un-American Activities, Hamilton's name was conspicuous by its absence on the screen credit of *The Fat Man*. Another sign of those paranoid times was that Essex and Earl Felton received screenplay credit on *The Las Vegas Story* (1952), but not the co-writer Paul Jarrico, who had been blacklisted.

Essex directed four films, beginning with Mickey Spillane's *I, the Jury* (1953), which he also wrote. That same year, he adapted Ray Bradbury's story "The Meteor" as *It Came from Outer Space*, in which, unusually, the bug-eyed aliens weren't bent on world conquest, but were only on earth

long enough to repair their spaceship. With the same production team, Essex co-wrote *The Creature from the Black Lagoon* the following year.

He wrote such westerns as *Wyoming Mail* (1950), *Raw Edge* (1956), *The Lonely Man* (1957), and John Wayne's *The Sons of Katie Elder* (1965), in which four straight-shootin' brothers avenged the family honour. Because Essex shared script credit with Talbot Jennings, Allan Weiss, and William H. Wright, one critic wondered if each Elder sibling had his own writer. In the 1950s he wrote television scripts for *Philo TV Playhouse* and *Playhouse 90*, and in the 1960s for *The Untouchables*. He also wrote many plays, novels and short stories.

In 1954, when his *I, the Jury*, *It Came from Outer Space*, *Devil's Canyon*, *The Creature from the Black Lagoon* and *Southwest Passage* — all 3-dimensional films — were on release, a Hollywood trade paper quipped: "Harry Essex has so many 3-D pictures out, you have to wear special glasses to see him".

Dick Vosburgh

Harry J. Essex, screenwriter, director, playwright, born New York 29 November 1910; (one son, one daughter); died Los Angeles 6 February 1997.

Lois Marshall

Despite being partially paralysed as the result of polio, the Canadian soprano Lois Marshall had a successful career, spanning more than 25 years, as a concert singer. She sang in the United States, Western Europe and Russia, as well as in her native Canada, under the baton of conductors such as Arturo Toscanini and Sir Thomas Beecham, with both of whom she made recordings. A fine musician, she had a sweet-toned, lyric soprano voice of unusual flexibility. Although she appeared a few times in opera, the concert hall remained her chief sphere of activity.

Marshall was born in Toronto, and began her vocal studies there at an early age, first with Weldon Kilburn, and then with Emmy Klein. She first came to public notice in 1949, when she sang in Bach's *St Matthew Passion* with the Toronto Symphony Orchestra, conducted by Sir Ernest MacMillan. In 1952 she went to New York, where she won the Naumburg Award. This led to a concert in the Town Hall, as a result of which she was engaged by Toscanini for his 1953 NBC broadcast of Beethoven's *Missa Solemnis*, and for the subsequent recording of the work.

Although the Italian maestro's interpretation of Beethoven's masterpiece was not to everybody's taste, this recording of the *Missa Solemnis* was an enormous success, and established Lois Marshall as a well-known figure in the musical world.

After a long tour of the United States, in 1956 Marshall came to England, making her London debut in a concert with the Royal Philharmonic conducted by Thomas Beecham. She also made a complete recording of Mozart's *Die Entführung auf dem Serail* with Beecham, in which she sang

Konstanze. This should have been an ideal role for the soprano, who had all the power and the flexibility of voice required for Konstanze's music, in particular the aria "Martero aller Arten", but her performance, though very well sung, is curiously undramatic. On leaving England, Marshall gave concerts in Amsterdam, Brussels and Hamburg. In 1957 she sang at the Edinburgh Festival, and took part in a performance of Handel's *Messiah* in Dublin. Marshall's operatic performances included the Queen of Night in *Die Zauberflöte*, Donna Anna in *Don Giovanni* and

the title role of Massenet's *Thérèse* in Toronto; Mimì in *L. Bohème* and Tosca in Boston and Ellen Orford in a CBC Television production of Britten's *Peter Grimes*. She gave popular duet recitals with Max Renner Forrester, the Canadian contralto, and towards the end of her singing career she herself took on mezzo and contralto parts. From 1976 she taught voice in the Faculty of Music at the University of Toronto.

Elizabeth Forbe

Lois Catherine Marshall, singer, born Toronto 29 January 1922; died Toronto 20 February 1997.

Prosecution of sado-masochists necessary in a democracy

LAW REPORT

25 February 1997

Lasker and others v United Kingdom; European Court of Human Rights: 19 February 1997

The prosecution of members of a group of sado-masochistic homosexuals for offences of assault and wounding, despite the fact that in each case the "victims" had consented to the deliberate infliction of pain, did not constitute an unjustifiable interference with their right to respect for their private lives, contrary to article 8 of the European Convention on Human Rights, since such interference was "necessary in a democratic society" for "the protection of health".

The European Court of Human Rights unanimously held that there had been no violation of article 8 of the Convention in the cases of Colin Laskey, Roland Jaggard and Anthony Brown.

The applicants were members of a group of homosexual men who took part in sado-masochistic activities, involving maltreatment of the genitals, ritualistic beating and

branding. These activities were consensual and took place in private between men of full age. The infliction of pain was subject to certain rules, including the use of a codeword to call a halt to any activity, and no permanent injury or infection was caused.

The group's members made videos of these events for private use, and some of the tapes fell into the hands of the police. The applicants were charged with various offences including causing bodily harm and wounding contrary to sections 47 and 20 of the Offences Against the Person Act 1861.

After the judge rejected their argument that their consent to the assaults provided them with a defence to the charges, they pleaded guilty and were sentenced to between one and three years' imprisonment. The Court of Appeal ([1992] QB 491) upheld the convictions but reduced their sentences.

The House of Lords ([1994] 1 AC 212) by a majority also dismissed their appeals, taking the view that a victim's consent was no defence to a charge under the 1861 Act and that it would not be in the public interest to create an exception for sado-masochistic activity.

The applicants contended that their convictions constituted a violation of rights guaranteed by article 8 of the Convention, which provides:

1. Everyone has the right to respect for his private and family life, his home and his correspondence.
2. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

The European Court of Human Rights said it was common

ground that the criminal proceedings against the applicants constituted an "interference" by a public authority with their right to respect for private life, that the interference was "in accordance with the law" and that it pursued a legitimate aim, namely that of "protection of health or morals". The only issue was whether the interference was "necessary in a democratic society".

The state was unquestionably entitled to regulate the infliction of physical harm through the criminal law. The determination of the tolerable level of harm where the victim consented was primarily a matter for the state's authorities.

The court was not persuaded that the applicants' behaviour belonged exclusively to the sphere of their private morality and so fell outside the scope of the state's intervention. It was evident that the applicants' activities involved a significant degree of injury and wounding. Furthermore, state authorities were entitled to consider not only the actual harm but also the potential for more serious injury inherent in the activities.

There was no evidence to support the allegation that the authorities were biased against homosexuals. The majority of the House of Lords had based their decision on the extreme nature of the practices.

The reasons given by the national authorities to justify the interference were relevant and sufficient. Nor, given the degree of organisation involved, the limited number of charges finally included in the prosecution case, and the reduced sentences imposed on appeal, could the interference be regarded as disproportionate. The national authorities were entitled to consider the interference "necessary in a democratic society" for the protection of health and there had been no violation of the Convention.

Paul Magrath, Barrister

مَدِينَةُ الْمَدِينَةِ

Health? Labour will let sleeping dogs lie

Hurry, under the covers. The Blair government is visiting the sick people of Merseyside yesterday, inaugurating a season during which hospital patients up and down the land face sudden conscription as extras in party political hospital drama. But if the anecdotal from the Wirral South campaign, together with polling evidence, hold water, patients will welcome their Labour visitors with more enthusiasm than Tories (Liberal Democrats being above such things as invading hospitals). Health is Labour's issue.

Nothing government ministers can do or say, however sincerely, seems to dislodge Labour's hold on health – not even recollections of the Winter of Discontent, or the fact that of the 49 years' existence of the NHS, the Tories have presided over 35. Under the Tories as much as under Labour, health spending has risen continuously, despite Mrs Thatcher and all she might have wished. But the Budget of November 1996 marked a change. The Tories have committed themselves to a real reduction in health spending that is to begin (officially) in 1998 but (practically) could be felt on the wards and in the surgeries by this autumn. In January Labour formally signed up to the plan, at least until April 1998. Perhaps it is no wonder health has been – to use Tony Blair's phrase – a "sleeping issue".

By that he could mean three things. The first is that the phoney election

campaign has so far proceeded without any shroud-waving. It was remarkable last week how new waiting-list statistics were, though politically embarrassing for the Conservatives, passed by without much loud Labour comment. Labour could flag up health deficiencies at any point it chose but – see below – it may well choose not to.

When he spoke at the weekend, Labour shadow Chris Smith fired a shot across the bows of all those NHS trust chairs who have been appointed on the whim of Conservative secretaries of state. He is entirely within his rights, and would have been even if he had not promised (rather vaguely) to advance the principle of merit by advertising such positions in the future. There is no need to be squeamish. The archipelago of appointed government, which includes those trust positions, is not suddenly going to sink out of sight after the election. Labour ministers will have posts to fill, and if they did not occasionally glance at the party affiliations of their appointees, well, they would be saints.

But if Mr Smith thinks this is relevant to health care or spending, he needs to think again. It is, in fact, almost as irrelevant as his grand promise to find £100m worth of transferable funds by delayering NHS bureaucracy. Come the election, we are going to see a mighty exercise in "badge engineering" as, for example, nurse-

managers are miraculously reclassified as nurse-practitioners without a single extra patient getting treatment. Mr Blair may mean that health is a sleeping issue in the sense that neither Mr Smith nor his predecessor Harriet Harman have come up with any compelling new formula for effective health management. The Thatcher-Clarke reforms – GP fundholding, the quasi-market – are neither pernicious nor notably efficacious. GP fundholding has, in a limited number of places, improved health care for patients; elsewhere there is, as yet, no evidence of its positive effects. Labour pro-

poses tinkering – a bit less market here, a bit more dirigisme there. Tinkering with NHS administration is what health secretaries do as a proof of their existence; provided it is not too ambitious it is probably relatively harmless. It does not substitute for fresh Labour ideas on health care. (It is one as pertinent in private sector systems such as the American as it is here.) Health costs are constantly pushed up by expensive new therapies, giving rise to questions about who deserves what treatment: are there any distributive principles on which patients, professionals and politicians can agree?

Mr Blair certainly means the NHS is a sleeping issue in that he has no wish, this side of the election, to tell home truths about spending. Labour has enough astute academics inside its tent; he certainly knows the score. Unless – starting at once – there is a huge break with the 3 per cent per year upwards trend in real-terms spending that has run fairly consistently for decades, Labour is set to preside over a growing gap between health demands and budgeted cash. That gap will, within 18 months, amount to some £5bn, enough to create quite a bit of political flak from doctors, nurses and patients, let alone all those local figures Chris Smith has indicated he wants to appoint to NHS trusts. (That is three pence on income tax, for those souls still living in the era before the Iron Shadow Chancellor.)

The question is not whether that long-run health spending trend should be broken – it probably ought to be, insofar as it is based on professional judgements shielded from external scrutiny. The fact is, it cannot be halted within the timetable to which Labour has acceded. In the longer term things look brighter; the financial consequences of demographic change for the NHS are not so dramatic after all. Labour's problem with health is short run. Health will stop "sleeping" as soon as the election is over and dawn breaks over those hospital beds. The Blair gov-

ernment could switch money into health, but that would mean deeper spending cuts elsewhere. Or else it means presiding over some kind of revolution in public health provision, smashing a spending consensus which even Mrs Thatcher ended up endorsing. To vote on health this spring looks like having to choose between competing claims for who is most likely to succeed in squaring circles.

How to stop spies walking

Espionage is still a serious business. It is hard, however, to be entirely puffed about the annual shoe cupboard inspection for our spies which Tom King's oversight committee seemed to be recommending yesterday. Money, it said, is what turns agents these days, and for some – such as the CIA traitor Aldrich Ames – the money is needed to buy shoes. But the Government needs to think about money for intelligence staff. GCHQ, its own communications headquarters, is having difficulty recruiting specialists because its salaries are too low – and there are no unions to push pay up since they were expelled in the 1980s because they were somehow subversive. It seems their absence may be a lot more dangerous to national security.

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LETTERS TO THE EDITOR

Parliament must rule on birth ethics

Sir: Heather Lawrence asks "Can it really be suggested that the rights of a foetus are greater than those of a child with a life threatening but curable medical complaint?" (Letters, 21 February). Talking of "rights" confuses the issue of whether the mother of a foetus which is about to be born and which is capable of living an independent existence owes a duty (whether to the foetus or society) which is proper justification for allowing doctors to perform a Caesarean operation without her consent, as in the Ms S case.

Whether or not such a duty is recognised is a matter for the courts but whether or not it should exist is a matter for Parliament. Undoubtedly very serious ethical issues are involved and judges should not be placed in the position of having to resolve them. Nine years ago Lord Justice Balcombe said: "It is intolerable to place a judge in the position of having to make such a decision without any guidance as to the principles upon which his decision should be based. If the law is to be extended... so as to impose control over the mother of an unborn child, then, under our system of parliamentary democracy, it is for Parliament to decide whether such control can be imposed and if so, under what limitations or conditions."

JOHN MITCHELL
Family Law Chambers,
Temple
London EC4

Sir: Was Rosalind Miles really serious when she stated that "even after four, six or eight children a mother does not have the experience of a junior houseman in his first week on an 'obs and gynae' ward"? (The Mother of all battlefields, 20 February.)

I was a junior house officer in obstetrics and gynaecology for six months and I have rarely felt so embarrassed and uncomfortable as when a mother struggling in a labour in which I was supposedly assisting asked, "How many children do you have, doctor?" I may have known the dose of pain relief if she were to require it. I could only try to imagine what she was experiencing.

A good obstetrician or GP will always respect and listen to the woman's experience. Rosalind Miles' concern that we should be careful not to "rubish" the knowledge bank of those who deliver babies all day every day is misplaced. She and others should be careful not to rubish the instinctual and irreplaceable knowledge bank of mothers.

DR LESLEY MORRISON, MRCP, DRCOG
London N19

Sir: As you report (leading article, 19 February), the foetus has no legal rights until born, so that an intervention intended to benefit the foetus is difficult to support legally against the mother's wishes.

At 36 weeks' gestation, the foetus in this case would probably not have needed any medical intervention once delivered, but if left inside a woman suffering fulminant pre-eclampsia might well have died. You compared this with parents refusing treatment for their child, when a court order to allow the treatment against the parents' wishes could be granted. It is difficult to understand the reasons for the special legal position of the

foetus. Why should one patient fully capable of independent life be legally different from another? Neither can voice their opinion and we must assume that both would want to live, taking advantage of medical intervention, as most rational adults do.

Much of our law revolves around the principle that no individual's action should harm another. Just because one individual is temporarily receiving nutrients and oxygen inside another should not alter this, as long as it does not endanger the mother's life.

JONATHAN ROUND
St George's Hospital Medical School
London SW17

Sir: Ms S had over 30 weeks in which to make a decision about her, and her unborn child's, future. Sad as it seems to some of us, she could have decided to terminate the pregnancy. However, she chose not to do so.

She should not then be able to decide at a much later date to endanger the baby's life. Mothers (and I include pregnant women in that category) have responsibilities towards their children and in this sort of case it is right and proper that someone stands up for a child whose mother is unable or unwilling to fulfil her responsibilities.

ANNE YOUNG
Dumbarton
Strathclyde

Sir: Your report and leading article concerning the judicial review proceedings involving Ms S raise important issues.

However, on behalf of the approved social worker Louise Collins, who is employed by Merton Council, I wish to correct

some points. It is not correct that the section order made by the social worker was because of Ms S's refusal to accept treatment for pre-eclampsia. Louise Collins made the order under the Mental Health Act because, after lengthy discussion, she judged that Ms S was suffering from a mental disorder which needed further assessment.

Your leading article then states: "If S turns out to have been too seriously ill to give informed consent for medical treatment, then the actions of the courts, doctors and social workers will have been fair enough." The social worker played no part in the decision to carry out the Caesarean. Her involvement ended once the section order for further assessment had been made.

Finally, the leader states that refusing treatment that would save your or your baby's life seems crazy and not the behaviour of a normal mother. You add: "But this evidence is not enough to section a pregnant woman under the Mental Health Act."

You are, of course, correct, and our social worker was entirely aware of this.

Her decision was reached on better evidence than this and I would suggest it is better that we wait for the outcome of the case rather than prejudice the situation.

PETER WALTERS
Director of Housing and Social Services
London Borough of Merton
Morden, Surrey

Quality TV in the balance

Sir: Hamish McRae advances a possible, rather than probable, future for the TV industry ("Tune in to the last of the dinosaurs", 19 February). In advancing the "magazine rack" model of the relationship between viewers and programme-makers, he is missing the point.

There is no doubt that technological advances will reduce production costs in some areas, but quality TV programming will still cost vastly more than the production costs of a magazine. There will, therefore, continue to be significant barriers to entry into this market that far outstrip those in the magazine trade.

For decades, the public has been used to getting very-high-quality programmes very cheaply. The "progress" that McRae envisages will result in this diet being replaced by cheaply made, low-quality content.

The real issue however, is the proven public demand for quality programming – for the diversity and pluralism only provided by public service broadcasting. Do we want existing public service broadcasters to be eliminated by the multi-channel process? Or are we to insist that the states of Europe continue to provide the framework that protects broadcasters who invest in quality programming?

We need continuing investment in original content. Should we

allow new channels to simply suck in imports? Or should we address the huge and growing deficit between the European Union and the United States that is killing our jobs and threatening the very basis of our future prosperity?

Finally, let us not forget our culture and social cohesion. Should the public have the right to see major national sporting events on free-to-air TV? Should they have the right to know that the emergency phone number is 999, and not 911 as some London schoolchildren now believe?

In adopting my report on Public Service Broadcasting in September 1996, the European Parliament not only demanded continuing support for public service broadcasting, it called upon the EU to enshrine such an obligation in the European treaties.

Martin Luther the anti-Semite

Sir: I find it odd that the Foreign Secretary, with his Jewish background, would choose to quote Martin Luther, who by today's standards was an anti-Semite ("From Shylock to the Scot Rifkind", 22 February).

I was baptised and confirmed in the Lutheran faith and have long been aware that Luther's Christian passion was offset by intemperate

remarks about Jews and others. He used words like a jackhammer, and it's no wonder that the eventual bull of excommunication against him began: "Arise, O Lord, and Judge thy cause. A wild boar has invaded thy vineyard."

Roland E. Bainton, a Luther biographer, wrote that Luther, in describing his translation of the Bible into German, said: "I endeavoured to make Moses so German that no one would suspect he was a Jew." Late in his life Luther was even more abusive, according to Bainton, suggesting at one point that all Jews be deported to Palestine and that synagogues be burnt.

Among the most famous remarks attributed to Luther is that quoted by Malcolm Rifkind – "Here I stand, I cannot do otherwise" – which he allegedly spoke when hauled before the Diet of Worms in April, 1521. Here I stand is also the title of Bainton's book, but he admitted there was no written record of Luther ever saying this at the hearing.

Lane etiquette

Sir: I recently spent a lot of time driving through France, Belgium, Holland and Germany on business. Our European counterparts have a good sense of safety and etiquette. Having overtaken a vehicle, they pull into the nearside lane.

Why is it that an incredible number of car drivers in this country see it as their God-given right to sit in the middle lane of a motorway when the inside "slow" lane is completely clear?

P G RUSSELL-SMITH
London W13

UK is failing poor countries

Sir: Diane Coyle ("Wipe the slate clean for the world's poorest countries", 20 February) is right to encourage the Chancellor's efforts towards more generous debt relief to help the poorest nations "stand on their own feet", although – as Oxfam, Christian Aid and others have said for years – it was the cost of our loans that helped to topple them in the first place.

But she seems less worried by the UK's fall in the OECD aid league table down to sixth lowest as a share of gross domestic product – below even the Netherlands if measured in quantity.

Scandinavians are much more aware of international affairs and the needs of poor countries than we are. Isn't it time that we paid more attention to our own development education and awareness, in schools and colleges as well as in Parliament?

The Earl of SANDWICH
House of Lords
London SW1

Sir: Sarah Helm's article on the Danes and immigration ("Immigrant song plays on Danish minds", 18 February) was incomplete, in that it failed to cover an important factor in the anxieties which Danes have about the immigration issue.

Denmark is one of a tiny number of nations which regularly meets the UN quota of 0.7 per cent of gross domestic product in foreign aid to the Third World. If economic circumstances were more favourable in those poorer countries from which immigrants uproot themselves to live in Europe, perhaps they would choose to stay at home and build up their own countries.

It is frustrating to be a country of five million people playing its part in world development when the larger and wealthier developed countries of Europe, and the United States, do not.

PETER NIELSEN
Worcester

Leave Scots out of Bridgewater

Sir: Rather than "British Justice" being in the dock in the Bridgewater case ("Bridgewater three to go free", 21 February) it is the English judicial system which must stand trial, for Scotland has an entirely different and separate legal system.

Under Scots law, such a miscarriage of justice could not have taken place, as convictions cannot be based on confessions alone – a practice that has since been incorporated within the English system.

DR WINFRED EWING MEP
President, Scottish National Party
Edinburgh

Safer bronzes

Sir: After six years working in Nigeria, visiting Benin Museum on many occasions has led me to believe that the Benin bronzes are in the best and safest place in the British Museum ("The looting of Benin", 22 February).

Does Bernie Grant really believe he would still be able to see the magnificent relics of Africa's noble past if they had been left in Benin? If they were returned, they would probably never be seen or heard of again.

CHRISTINE KELLY
Marlborough, Wiltshire

analysis

So who cares if the sky is falling?

Very few in the politically hamstrung world of science, despite last week's discovery of a celestial catastrophe 65 million years ago, says Oliver Morton

It happened 65 million years ago, and it could happen again. Something pretty big and moving extremely fast hit the earth very hard indeed. Waves to dwarf skyscrapers crisscrossed the oceans and swamped the land. An atmosphere that had caught fire rained acid. Tectonic spasms ran up the spines of the continents. Billions of tonnes of rock and mud were thrown into space, and as they re-entered the atmosphere, their heat set off fires around the world. The skies glowed dull red, then darkened to midnight black as an all but impenetrable pall of dust and smoke settled into the stratosphere. There was not another dawn for years.

The idea that an asteroid impact 65 million years ago killed off the dinosaurs and roughly three out of four other species then living is now firmly lodged in the scientific mind and the public imagination. The evidence for the impact is overwhelming. The huge crater it left has been discerned beneath thick sediments in Mexico, the mark of its tidal waves can be seen in the middle of America and its distinctive debris and ash has been found all over the world. The

death of the dinosaurs doesn't keep resurfacing because there is a hot debate or a lively controversy; it does so because it's just such a cracking story. New wrinkles to the tale, such as last week's announcement of evidence for centuries of near-sterility in the oceans following the impact, get media attention simply because astronomy, dinosaurs and mayhem are the ideal ingredients for popular science.

But our fascination isn't quite that simple. There's something more to it: the worrying implication, raised half jokingly by the Trevor MacDonalds and Sue MacGregors when the science correspondent has done his bit, that it could happen again. This catastrophe was not a one-off. There have been many asteroid impacts in the history of the earth; left unchecked, there will be many more.

These impacts could kill billions of people, and you could be one of them. The risk of your dying in such an event is around one in 30,000, which, though small, is far from insignificant. It's certainly far greater than the chances of your winning the lottery. Like the destruction of the dinosaurs, this risk has slipped into the popular imagination, lubricated by docu-

Collision courses: the Earth faces disaster in a scene from the NBC mini-series 'Asteroids', which begins on ITV on Saturday 1 March

mentaries and magazine covers. We all know of it, and we could, scientific opinion assures us, easily and cheaply do something about it. But we don't. It's a mistake that, while unlikely to prove tragic, reveals a lot about how science is used and what science means.

The truth of the matter is straightforward. The solar system is not just a neatly concentric set of planets. There are lots of smaller lumps of ice and stone and iron whirling around the sun, too. They hit the earth all the time, and they come in a range of sizes, the big ones

proportionately rarer than the small. The vast majority are just pretty shooting stars - far too tiny to worry about. But watch these meteors for long enough and you will see some bigger ones. Watch for half a million years and you can expect to see one that outdoes a major nuclear war for nastiness, laying waste a continent, blacking out the sun for a year or more, blighting the world's crops.

If the risk of such an impact is 500,000 to one in a given year, then over a 70-year span, the cumulative risk to any individual of living through or dying in such an event is about one in 7,000. If such an impact leaves about 25 per cent of the earth's population dead, most of them through starvation, that gives any person a risk of about one in 30,000 during the course of an average lifetime. Some estimates make the risk smaller, and others make it larger, but that is a good average. It means that the huge unpleasantness of impacts offsets their great infrequency enough to make them roughly as dangerous as air travel, which entails a risk of about one in 20,000.

In the case of air travel, this is a level of risk people feel

quite strongly about. On 13 February, President Clinton set a goal of reducing the risk of dying in an air crash by 80 per cent. NASA, whose first A stands for aeronautics, and which thus has a thumb in the air-safety pie, will be spending about \$100m a year on the project. Most people thought this investment quite wise, but a scientist called David Morrison raised an inquiring eyebrow.

Morrison, who enjoys the wonderful title "director of space" at NASA's Ames Research Center in California, chaired a committee which produced a report in 1992 for the US Congress on the asteroid risk. Its advice was simple. There are probably a couple of thousand asteroids of the once-every-half-a-million-years, climatic-catastrophe type in earth-crossing orbits. Only a couple of hundred have been identified. Mount a thorough survey to find the rest of them, extrapolate their orbits for a few centuries in a computer, and see if one of them ever comes to occupy the same point in time and space as the earth.

If none of them is going to, that's good. And if one of them

is indeed on a collision course, that's not too bad, either. Once the risk moves from the statistical to the actual, things can be done about it, especially as the survey would typically give its warning decades or centuries in advance. A nuclear explosion off to one side of the incoming rock could nudge it into an orbit that missed the earth. The technology to fly spacecraft to asteroids exists, as do the bombs. Putting them together into a successful mission over a period of years would be a tricky problem, but far less tricky than, say, waging the Gulf War.

The Spaceguard survey that Morrison and his committee suggested as a way of finding almost all the asteroids was not a huge affair. It required six specially designed telescopes of modest size operating for three decades and a data system to handle what they saw. Its costs were estimated at about \$10m a year - a tenth of the price-tag for the air-safety programmes proposed two weeks ago and half a percent of NASA's budget for space science next year.

But NASA's big bucks, like those of its equivalents elsewhere, are fiercely fought over. They are spent on what the

agencies' bosses and their beneficiaries ask for. And no-one is asking for asteroid surveys except the people already doing them, who were well represented on Morrison's committee. The focus of modern astronomy is not on the objects nearest to the earth but on those furthest away: vast black holes at equally vast distances, infant galaxies half as old as time and the fading embers of the Big Bang itself. There is, admittedly, a very small space mission heading off to a nearby asteroid at the moment, but that probably owes more to pressure brought to bear by the senior senator for Maryland, where it was built, than to a widespread scientific constituency.

When the Spaceguard report was released, Morrison pointed out to the press that there were about as many people involved in full-time searches for dangerous asteroids as there were employed in a typical McDonald's. Since then, one new asteroid surveillance system has been started in the US, largely thanks to the interest of the military, some of whom see protection against asteroids as a reasonable mission, or an excuse to try out neat weapons

technology, or both. Other American searches, though, have closed down, as has the Australian programme, the only search that covered the southern skies. According to Duncan Steel, who used to work on the Australian search, there are now only about half a dozen people employed to track earth-crossing asteroids.

In short, nothing much is being done about the end of the world because it is a minority interest among scientists and no-one else feels particularly affected. For all that, asteroids are an otherworldly risk. They nicely highlight the worldliness of the relationship between science and policy. A theoretical danger can only be built into a policy-inducing risk with the help of a group of people who care about it, a constituency with a particular stake in the problem. Science simply doesn't matter much in policy debates unless there are interest groups to make use of it, lobbies with more clout than a burger-bar's worth of astronomers.

Then there's the problem of science going back on itself. People used to fear the skies, worry about Jupiter's thunderbolt and tremble at the sight of comets. Then the scientists took it on themselves to set the peasants right. The heavens were revealed as well-ordered clockwork, the history of the earth and life as one of slow gradual change rather than catastrophic fits and starts. By the middle of the 19th century, French astronomer Francois Arago was able to speak with pride of the fact that science had stopped people from worrying about comets, and that, as long as scaremongering journalists were assiduously slapped down, the sorry age of celestial superstition was gone for good. Science made the world seem sensible and its catastrophic demise silly. When science then comes back and says that the end of the world is, after all, a real possibility, it is not surprising that people laugh.

Sometimes, though, it's hard not to think that there is a deeper reason for "impact denial". Perhaps people do not want to see themselves connected to the universe in this sort of way. The geologists who for years resisted the impact explanation for the dinosaurs' death simply didn't want asteroids to play as big a role in the history of the earth as, say, the wanderings of one of its own tectonic plates. Tough - they do. Humans and the earth they live on are linked to the universe in all sorts of strange, indirect, unsettling ways. Worse yet, humanity now has the power to change these connections. We can empty seas and denude vast forests. We can warm an entire planet, and now, given just a little warning, we can push aside flying mountains. It's genuinely frightening to contemplate such power, especially when you realise how poorly decisions about using it are made or not made. Better to deny the risk of asteroid impact than to accept the fact the humans can redirect the stars in their courses. It's a delusion - a dangerous one, in this case - but you can understand it.



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Fantasy holidays with Ivanhoe & Co

For many years tourist authorities have had a touching belief that people will willingly spend their holidays in certain places for no other reason than that famous writers lived there. And the extraordinary thing is that it seems to be true. Americans do flock to Shakespeare's Stratford, British people flock to Wordsworth's Lakeland and Hardy's Wessex. I have met people who did go to John Fowles's Lyme Regis and James Herriot country and Dennis Potter's Forest of Dean and Dylan Thomas's Laugharne.

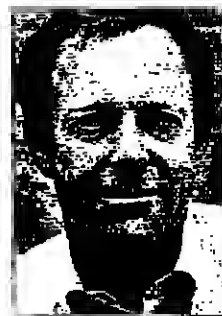
Or we were, not any more. Not if the *Radio Times* "Holiday 97 Week 2" supplement is a true sign of the times. This little booklet has been hanging round since it made its initial bid for freedom by escaping from its mother magazine, and I thought for a while, whenever I glanced at it, that I must have kept it to help plan a holiday. Not so. Rereading the cover I now realise I kept it to pinpoint a new holiday trend.

Well, read it for yourself and see what you think.

Holiday 97. Take the High Road to the home of Hamish

I do not suppose I was the only one. The only Brontë book I saw being read that day was in the hands of a Japanese student. But that's not the point. We don't worry much about our painters or composers - we certainly don't often plan our holidays round them - but we do have an instinctive reverence for our writers and their country - du Maurier's Bath, Dostoevsky's Moscow, even Beethoven's suburbia - and are prepared to make a pilgrimage there. Or we were, not any more. Not if the *Radio Times* "Holiday 97 Week 2" supplement is a true sign of the times. This little booklet has been hanging round since it made its initial bid for freedom by escaping from its mother magazine, and I thought for a while, whenever I glanced at it, that I must have kept it to help plan a holiday. Not so. Rereading the cover I now realise I kept it to pinpoint a new holiday trend.

Well, read it for yourself and see what you think. Holiday 97. Take the High Road to the home of Hamish



Miles Kington

Macheth, Ivanhoe, and Doctor Finlay... Take to the high seas with the Archers... Plus how to track down the TV locations of *Buffy*, *Rebecca*, *Wildfire*... Do you spot what is different? That's right. The author has vanished. No mention of Scott or du Maurier, or whoever created Dr Finlay. Instead, you are invited to go to Scotland to visit the locations of Dr Finlay and Ivanhoe and Hamish Macheth. Not where the authors lived. Not even where they set the books. But

where the books were filmed.

Did I say this is a new trend? In fact it's been going on for years. Where I live on the Wiltshire/Somerset border is where they shot *The Tiffield Thunderbolt* 30 years ago, and there's a pub up at nearby Dunkerton which has renamed itself "The Tiffield Thunderbolt" and people still come to nose around for the actual places used for filming. (At least, I assume they do. They can't all be opportunist house-hunters on a day out from Bristol, can they? Some of the more disreputable-looking ones must be railway film fans, surely...)

And what made the Keighley and Worth Valley Railway famous and profitable in the first place was not its position in Brontëland but its selection as the location for the film of *The Railway Children*.

Yet these were all straws in the wind compared to the present flood of pilgrimages-to-the-location. Nobody ever wrote a book called *The Shooting of the Tiffield Thunderbolt* along the lines of *The Making of Pride and Prejudice*. Nobody organised

trips to the stately homes where they shot *Kind Hearts and Coronets*. Yet now supplements are falling out of the *Radio Times* urging us in this post-Austen era to go to Scotland, because it is the home of Hamish Macheth (not Shakespeare's *Macbeth*, notice) and of Ivanhoe.

Do you notice something else odd there? Ivanhoe is not a Scottish story. It was all about Normans and Saxons. Not a Scot in the lot of them. So in what sense is Scotland the home of Ivanhoe? Well, in the sense that author Sir Walter Scott lived, went bankrupt and died there, and you can still see his house. But that's not what the *Radio Times* is on about. The *Radio Times* doesn't want you to go to Abbotsford or Princes Street. It wants you to go where Ivanhoe was shot in Scotland, using Scottish clan extras: to places like Craigmillar Castle. Well, I've been to Craigmillar Castle, and let me tell you...

No more space today, alas. This sentence will be completed tomorrow, plus full details on how to visit the place where this column was penned.

Many hands have been tilting the balance of justice

Misarranges of justice are not simply the malign work of the police. If the problem were confined to police lies, police brutality and police corruption and the rest of the system of justice worked well, then it is doubtful whether any of the defendants in the Bridgewater case, would have been convicted of murder or, if they had been, whether they would have stayed in prison for long. The same can be said of the other notorious miscarriages of justice in recent times: the Guildford Four, the Birmingham Six and the Stefan Kiszko case.

Let me name the other parts of the system. There are the courts themselves, in particular counsel for the prosecution. Prosecutors are subject to a pressure similar to that experienced by the police in high-profile cases. While the police sometimes feel compelled to make an arrest, any arrest, and put convincing evidence in front of court even if it has to be "improved", so prosecuting counsel likewise persuade themselves that they must obtain a conviction at all costs. While prosecutors do not doctor the evidence, they do something which has precisely the same effect.

They withhold items from the defence team which would tend to undermine their case. It is called by the police term "non-disclosure" and has been a feature of virtually all miscarriages. In the Bridgewater case the material that the defence ever saw is said to include details of many interviews with the police made by the author of what we now know was a false confession. Nor were unidentified fingerprints on Carl Bridgewater's bicycle disclosed. When it is suggested to prosecuting counsel in such cases that their so-called non-disclosure is quite as reprehensible as policy forgery, they invariably say that they faithfully followed court procedures. If they did, I say that the effect was to pervert such rules. Indeed, were it possible to review and to compare the sense of fairness of the criminal Bar as a whole, and the police as a whole, I would not expect to find any difference.

Then there is the Crown Prosecution Service (CPS), which rarely brings prosecutions for conspiracy to pervert the course of justice against the police involved in miscarriages. No charges have been brought following the overturning of the Birmingham Six convictions, nor in relation to the Kiszko case. If you ask the CPS about this, you will be told piously that it was believed that the evidence was unlikely to secure a conviction, which is a perfect excuse since nobody else sees the files. CPS inaction or timidity is explained by a misguided desire to protect the system by hiding its shortcomings.

In every miscarriage of justice, the judges themselves also bear some responsibility. The Crown told the Court of Appeal last week that



Andreas Whittam Smith

The biases against impartiality within the British system need to be understood — they extend all the way to the top

the Bridgewater trial had been "fundamentally flawed". It can hardly be said that a judge who presides over a fundamentally flawed proceedings has done a good job. Even less can the three senior judges who heard an appeal in 1989-90 be exonerated. Much new evidence was produced pointing to the innocence of the convicted men. However, to disbelieve police witnesses has until recently been almost an impossibility for a judge; it is as dreadful a prospect as he or she can imagine, since it puts in doubt not only the case in hand but also every future case.

Almost as bad as this blindness was the way in which Paul Foot, the journalist who campaigned ceaselessly for the overturning of the conviction, Ann Whelan, mother of one of the prisoners, and Jim Nichol, her lawyer, were made to feel by the Appeal Court that they had in some way been at fault in daring to find witnesses and get evidence re-examined. It was implied that they had wrongly interfered with the sacred course of justice. The appeal was turned down. Mr Foot wants the judges to resign in shame. I would rather see the three judges come back into their court, where should be assembled the wrongly convicted men and their families, and wearing their red robes and their 18th-century wigs, bow low and solemnly apologise.

The Home Office and the Home Secretary of the day, too, are part of the system. At this time the Government has two reforms under way that beggar belief. In the first, Parliament will be asked to approve rules which limit the access to unused material by defence counsel in criminal cases unless it can be shown to be "relevant". How can defence counsel always know in advance what may be relevant or not? And in the second, a new code of practice would mean that evidence from police investigations is kept for only between one and three years. That rule would have meant that the Bridgewater miscarriage would never have been detected, as the evidence is nearly 20 years old. This is the work of a Home Secretary, Michael Howard, who believes that the existing system is not putting enough people behind bars and keeping them there.

What needs to be understood are the biases against justice within the British system. At the level of the police, it is the pressure sometimes felt to doctor evidence. Prosecuting counsel can be subject to a macho will to win. The CPS dislikes prosecuting the very same police forces with which it works in daily partnership. The necessary aloofness of judges brings with it a crippling complacency.

Such distortions will ever be present, since they arise from the nature of the tasks being undertaken. It is the duty of the Home Secretary and Parliament to provide safeguards at each point. Of this aspect of his work Mr Howard has no understanding whatever.

by Donald Macintyre

Tomorrow, Gordon Brown will set an inflation target at least as tough as the Government's own projection of 2.5 per cent. Although his speech will also lay out some important reforms of the Bank of England and the Treasury, once again this will be essentially Iron Shadow Chancellor Brown. We've had fiscally austere Gordon Brown, pledged to maintain for two years the awesomely difficult limits on public spending laid down by Kenneth Clarke. Now it's the turn of monetarily ultra-prudent Gordon Brown pledging Labour to a counter-inflation record at least as good as the Tories' own, and significantly better than they managed in the late Eighties.

While Brown will no doubt rightly emphasise that it's the poor who suffer most when governments lose their grip on inflation, this is a speech to reassure the City as much as the electors. And there is no point in pretending that all this won't make some in the Labour Party just a little uneasy. OK, we've pledged to constitutional reform which has the great advantage to an incoming Labour government of not costing very much. But otherwise, just how are we going to be different from the Tories? Isn't it, they will ask once again, all a bit, well, bleak?

Which is why the arrival of two readable little books of unashamed New Labour propaganda ought to cheer up those in the party who from time to time suffer inner doubts about Tony Blair's own unshakeable conviction that a Labour government, especially if it can secure two terms, will be a good deal more radical than they fear. The first, *Why Vote Labour* by the MP Tony Wright, is one of a three-part series from Penguin, by a thinker in each of the three main parties, and brought out for the election. The other, much the more specific on policy, is *What Labour Can Do* by Richard Layard which, as his fellow economist Guy Davies pointed out yesterday in *The Independent*, is a "very helpful" antidote to the idea that nothing can be achieved by a Labour government without increasing spending and borrowing. Some of it is party policy; some of it isn't. But it ranges from humane welfare



A healthier future for the NHS? Tony and Cherie Blair visit a hospital in the Wirral yesterday

The difference between the two parties is that Labour would plough savings back into the public sector

reform that rewards the working poor, through an extension of family credit, lower bottom rate taxes and a minimum wage of £3.25; to an education system that pulls up the lamest standards of the lowest-achieving schools; to the literacy programme announced by David Blunkett this week, to green taxes and a radical competition policy which has little patience with the notions of "national champions". And there is quite a lot more.

Layard's analysis, reinforced in recent lectures by both Brown himself and David Blunkett, demonstrates that neither equality (of opportunity) nor the role of the state have been abandoned by Tony Blair's Labour Party. It's true, of course, that revisionism about Labour's past comes thick and fast — whether it's Blunkett declaring that "any government entering the 20th century cannot hope to create a

more equal or egalitarian society simply by taking money from one set of people and redistributing it to others", or Margaret Beckett, one time left-wing firebrand, saying in a BBC TV interview on Sunday that she was "neither ruling in our out" privatisations by a Labour government. What Layard's book, in particular, helps to demonstrate is how much room that leaves the left. Especially if you realise that the use of higher income tax for the well off or state ownership of trading industries were a means to an end, and not ends in themselves.

But as with equality, so with the role of the state. Not all Tories want to shrink the state. Sir Edward Heath's lofty dismissal of some of the dominant notions in his own party is shared, for all the protestations, by some of his less outspoken colleagues. But the centre of Tony's gravity — reflected, no doubt, in what will emerge in

the manifesto discussed by the Cabinet yesterday — is shifting inexorably towards progressive reduction below the 40 per cent share of GDP that the state takes. What's refreshing about Layard is how relaxed he is about keeping a level that is not much higher than 40 per cent, but is not much lower, either.

Not that this won't mean some real pain for some. The windfall tax belies the notion that Labour's programme is an Arthur-Daley, nobody-gains-kind of politics. And welfare reform, as Layard implies, means a transfer of some benefits, such as top-up pensions, to well-regulated private insurance. In time a new system of student maintenance loans may be augmented by starting the erosion of state-paid university tuition fees — which for the well off is little short of a scam. But the difference between the two main parties is that there is every reason to expect the sav-

ings to be ploughed back by Labour into other parts of the public sector, such as health and, above all, an education system that starts to provide equality of opportunity.

Tony Wright quotes approvingly the remark that services that are only for the poor end up as being poor services. This is a critical difference between new Toryism and New Labour. In the NHS it will mean halting the flight by the prosperous from a health service that Nigel Lawson, no less, regarded as one of the most efficient deliverers in the developed world. The same goes for education. Wright quotes, again approvingly, but without endorsing his prescription of reintegrating the best of the private sector in the state system, George Walden's condemnation of an "apartheid" in which 7 per cent of children in private schools collect "80 per cent of the GCSE and A-level league table prizes".

None of this would happen overnight; much of it, perhaps not even in the first term. But here's the point: Labour cynics talk easily about Tony Blair having got "his betrayal 10 first". That's one way of describing it; another may be that Blair, as Margaret Thatcher very differently did in 1979, will deliver more than he promises.

Towards genuine consent in Ulster

Parity of esteem for both communities deserves to be more than a theory, says Marjorie Mowlam

Our policies for Northern Ireland, as in all other areas, Labour will apply the principle of fairness not favours. In the vernacular of Northern Ireland politics that means affording each community, unionist and nationalist, "parity of esteem". The focus is on the need for members of both nationalist and unionist traditions to feel that their rights and identities are fully respected.

In Northern Ireland, granting respect to one community is often seen as taking it away from the other. This is a dangerous zero-sum game. It is the duty of politicians from Britain, Ireland and Northern Ireland to break out of it. The ending of the IRA ceasefire and on top of that the events last summer at Drumcree have entrenched attitudes within the communities, so it is essential to be proactive in rebuilding trust and confidence.

The Downing Street declaration signed in 1993 achieved parity of esteem at the level of ideas. It offered to the nationalists a recognition that the people of Ireland alone have the right to self-determination. And it offered Unionists the guarantee that any exercise of self-determination would be subject to the consent of the majority of the people of Northern Ireland. As Tony Blair said recently, this approach and the principle of consent has now been accepted by all parties in Britain, Ireland and Northern Ireland, with the exception of Sinn Féin.

Parity of esteem is as much about the low art of day-to-day

politics as it is about the high politics of a negotiated peace settlement. It is at heart about building confidence between the communities. This is often talked about, but flesh is seldom put on the bones. We have plans to do that. That is why Labour will incorporate the European Convention on Human Rights into law in Britain and Northern Ireland. Of course the question of rights — especially minority and community rights — is not undisturbed in Northern Ireland. That is why we will continue to consult with the parties in the talks on developing a local bill of rights. But the convention as a basic framework has wide support in both communities and offers us a way to proceed.

There are serious problems with community support for policing in parts of Northern Ireland. As well as negotiation between the Northern Ireland parties on the issue, political action is necessary in Westminster to improve the openness and accountability of the police and to ensure that it reflects both communities more accurately. Recent reports by the UK police inspectorate and a senior former Northern Ireland civil servant have pointed to weaknesses in the system. Labour is examining the recommendations of these reports alongside its own proposals.

Religious discrimination in employment in Northern Ireland is a blatant symbol of unfairness. The Fair Employment Act exists to help combat it, but more needs to be done. As a first step, we must reconsider the effectiveness of exist-



Confrontation: Orangemen march through the nationalist Ormeau Road area of Belfast

ing policies. In the public sector, for example, we intend to make it a statutory duty for government bodies to take equality of opportunity into account through more rigorous enforcement of the Policy Appraisal and Fair Treatment guidelines.

Nothing reveals better the absence of trust and confidence and the dangers of playing zero-sum games than the issue of parades and marches. The appalling events at Drumcree last year drove the Government to set up a review (which Labour had called for since 1995). But when its findings were published last month, the Government

announced a further period of consultation. What they hoped to learn in just eight weeks that the independent reviewers did not pick up in five months of written and oral evidence wasn't — and still isn't — clear.

I have recently met groups on both sides living on or near two of the most disputed routes — the Garvaghy Road in Fort-de-Belfair and the Ormeau Road in Belfast. Both groups were concerned that what happened last year should not happen again. Labour is committed to uphold the rule of law; implement the recommendations in the report; and to do all it can to

help mediate and resolve disputes through agreement.

The lack of local input into decision making is a problem for both communities. Direct rule from Westminster is far from ideal and that is why Labour wants to see a new agreement for Northern Ireland, including a devolved assembly elected by proportional representation and designed to allow both communities to work together and share power in the interests of all the people.

There are good indications of that happening on the ground in some areas now — in some district councils and in the local partnerships put together to distribute a block of European Union funding. It is a practice we will support and encourage. And we will introduce measures to make the many quangos that administer policy in Northern Ireland more open and representative of both communities.

Labour and the Tories both accept the constitutional principle that a devolved assembly can exist in Northern Ireland without threatening the integrity of the union with Britain. But the plain fact is that Northern Ireland as distinct political circumstances and that new constitutional arrangements need the support of both communities living there to work. This means that practical and mutually beneficial cross-border co-operation and improved working relations between Westminster and Dublin must be integral parts of a comprehensive settlement. Building trust in the devel-

oping North-South and Dublin-London relationships is essential too. That means more openness, for example, in the workings of the Anglo Irish Agreement and its mechanisms. I do not see why local people and their representatives should not be more openly consulted on what is discussed between the two governments when they meet. This is not a matter of ideology but a practical part of the process of building local political support for the work of the two governments.

The theory of the peace process has been developed over a long period, often at the inter-governmental level. The current phase — perhaps the most difficult — is the practical politics of reaching local agreement. Disillusionment with the current talks process is widespread. There has not been the substantive progress we hoped for last June. Pressures on the parties in the talks are mounting and the uncertainty created by the impending general election doesn't help.

A new government will want to bring new impetus into that process, but couldn't just compel the participants to talk. Trust and confidence between the parties and the communities they represent has to grow to enable real progress to be made. We cannot counteract all the years of suspicion and distrust overnight, but there is a lot we can do based on Labour principles of fairness and justice. The people of Northern Ireland deserve nothing less.

The writer is shadow Northern Ireland Secretary.

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US pair shrug off windfall threat with £1.5bn Yorkshire bid

Chris Godsmark
Business Correspondent

Two US power companies admitted they would have no problem affording Labour's planned windfall tax on the privatised utilities yesterday as they launched a joint agreed £1.5bn takeover bid for Yorkshire Electricity.

The offer leaves Southern Electric as the last of 12 privatised regional electricity com-

panies (RECs) neither taken over nor facing a bid. If the two US companies, AEP of Ohio and Public Service Colorado from Denver, gain control of Yorkshire, it will leave a total of seven RECs in American hands. The others are: Northcote; Swed; London; East Midlands; Midlands; and Seaboard.

Embarrassment at the latest foreign takeover approach spilled over into the Commons yesterday, with Michael Hes-

eltine, Deputy Prime Minister, calling on other countries to allow outside bids for their utilities. He said he was "constantly urging the US and other countries to have open economies".

The Government is also likely to be on the defensive over the two bidders' reaction to Labour's proposed windfall tax. Linn Draper, AEP's chairman, said the US companies had examined various assumptions for the cost of the tax and

had concluded they could afford it. He explained: "We wouldn't have made a bid if we didn't have a good example of the size." The comments were welcomed by John Battle, Labour's energy spokesman: "This just goes to show it's not the problem the Tories make it out to be."

The windfall tax bill would come on top of a possible £30m which Yorkshire said it may be forced to pay back to its pensions scheme following a re-

cent landmark ruling against National Grid by the Pensions Ombudsman.

Shares in both Yorkshire and Southern surged on yesterday's bid news. AEP and PS Colorado are jointly offering 927p a share for Yorkshire, 13.3 per cent above Friday's closing price of 818.5p. Yorkshire shares rose to 882p, a rise of just 7 per cent, reflecting some uncertainty over whether the bid would be referred to the Monopolies and

Mergers Commission. Southern Electric gained 23.5p to 770p.

Christopher Hampton, Yorkshire's non-executive chairman said the offer was "very full and fair". He continued: "We held out for a good price. We didn't accept the price that they offered at first... it was a hell of a lot less than they're offering now."

Analysts dampened speculation of a rival bidder appearing with a higher offer.

Sources close to PowerGen, the privatised generator, played down the possibility that it would bid for Yorkshire. PowerGen was blocked by the Government from buying Midlands Electricity last year but is thought to have been examining another bid for a REC should Labour win the next election.

The two US utilities said this was the first time they had made a joint bid, but had been eyeing UK utilities for several

months. AEP and PS Colorado have a combined market value of \$10.3bn (£6.2bn) and supply 4 million customers. They said 25 per cent of the £1.5bn purchase price for Yorkshire would be financed by equity with the rest from debt.

They hinted yesterday at a more aggressive approach towards the UK gas and electricity markets after domestic competition takes hold next year. Comment, page 17

Building societies: Members endorse conversion plans ■ A&L sets flotation date ■ Leeds and Skipton vow to remain mutuals

Green light for £12bn Halifax stock flotation

John Treanor
Banking Correspondent

Halifax Building Society's £12bn flotation is firmly on track after the vast majority of its 9 million members voted in favour of its conversion to a bank, clearing the way for share pay outs worth an average of £1,300 to individuals in June.

The vote at the special general meeting held at the Sheffield Arena was virtually rendered redundant, however, as Jon Foulds, chairman of Halifax, said the resolution to convert to a bank had already been passed by postal votes.

"This won't be the biggest exercise in democracy this year, but it will be the second-biggest," Mike Blackburn, chief executive of the society, said.

Some 5.15 million of the society's 6.9 million investing members voted for the plan while just 110,000 voted against. The total number of votes cast in favour was significantly more than the 3.3 million needed to approve the conversion plans.

Just 1,090 members struggled through the icy wind to the Sheffield Arena. Despite the low turnout, members heard passionate speeches pitched against the conversion plans.

Leo Westhead from Scarborough said: "The success of this resolution will represent the triumph of selfish, short-term individualism over collective community concern. To my mind it is an act of social vandalism."

Mr Foulds responded: "I think the Halifax has outgrown

mutualism." He received the surprise support of John Spalding, a former chief executive of Halifax. Speaking from the floor, Mr Spalding sympathised with those members of the society who had spoken so passionately in favour of mutualism.

But, he said, it was "quite clear that the day of the great Two medium-sized building societies, Leeds & Holbeck and Skipton, yesterday pledged to remain mutual as they announced increases in profit. Leeds & Holbeck made £8.27m before tax last year, an increase of more than £4m. Skipton made £31.76m, against £27.23m in 1995.

Ian Ward, chief executive of Leeds & Holbeck, said the society planned to remain a leading independent building society as it believed this was in the best long-term interests of its borrowing and investing members. He added that the cost income ratio of 39.8 per cent and cost to asset ratio of 0.86 per cent were lower than almost all other banks and building societies.

national building society was over. Some of the 30 or so speakers from the floor at the two-and-a-half hour meeting had made long journeys. Professor Jacob Ziegler had travelled from Toronto to complain he was unable to receive his distribution of shares because of Canada's legal regulations.

Mr Foulds told him he had the option of using a registered

address in the UK but Professor Ziegler pointed out that this may have tax implications for members like him who reside abroad. Around 70,000 members live overseas, of whom 30,000 live in North America and are also unable to receive free shares.

Serge Lourie, who has led the Halifax Action Group, reminded Mr Foulds of his words in an interview in 1994 in which he said he was convinced of the benefit of mutualism. The annual report of Halifax that year recorded the merits of mutualism too, Mr Lourie said.

"We believe the conversion process has been fundamentally flawed. The transfer document is biased and does not give the arguments against becoming a bank," he said, pointing to the lower borrowing rates and higher savings rates offered by building societies compared to banks.

The meeting also heard concerns about disabled members who may be losing out because their accounts are held in trust. While a Bill sponsored by Douglas French, Conservative MP, will rectify this issue for societies announcing conversion plans in the future it will have come too late for Halifax members.

Just over 4 million will receive the minimum allocation of 200 free shares.

The rest will receive this plus an additional hand out of up to 981 shares depending on the balance of their accounts on 25 November 1994 and 24 February 1997.



The eyes have it: Jon Foulds, chairman (right), and Mike Blackburn, chief executive of the Halifax Building Society, preparing for the members' vote at a special meeting in Sheffield yesterday. Photograph: John Voos

Alliance suffers in price war

Peter Rodgers
Financial Editor

Alliance & Leicester spent nearly £50m on mortgage cash-backs and discounts to attract new business last year, but competition was so intense that its market share in 1996 still plunged 40 per cent.

The society, which announced that its stock market flotation was provisionally set for 21 April, spent a total of £143m on all forms of mortgage incentives during the year.

But roughly two-thirds of this was the continuing cost of mort-

gage deals agreed in previous years where the discounts were still in force. The balance was the cost of cash-backs and discounts required to win new business during the 1996 price war.

A&L said it had chosen not to follow the very aggressive pricing adopted by many competitors in the first half of the year, "preferring to maintain profitability rather than buy market share". Gross mortgage lending for 1996 fell from £2.9bn to £2.2bn in a growing market.

However by the fourth quarter the price war had eased and A&L's market share began to re-

cover. For the year as a whole it averaged 3.1 per cent but in the fourth quarter it rose to 3.5 per cent. This compares with 5.2 per cent for the whole of 1995.

A&L's policy is to write off the cost of discounts over the period for which they are in force, rather than the policy of some other societies of spreading them over the average life of a mortgage. Peter White, the chief executive, said this was "prudent" compared with many other UK mortgage lenders.

Analysts believe the planned conversion to a bank will bring a windfall of approaching

£1,100 each to members. The society said the conversion project cost £26m in administrative expenses during 1996.

This cost includes transfer documents for more than 3 million members, and the expenses of the meeting in December at which members approved the proposal. There was also a supplementary depreciation charge on property of £27m.

Profit before tax was £306m, a rise of 6 per cent, but the underlying change before conversion costs and other exceptional items was a 10 per cent rise to £359m operating profit.

New-look GUS gets finance director

Nigel Cope

Great Universal Stores appointed its first finance director in a decade yesterday as new chairman Lord Wolfson continued his shake-up of the mail order group.

The new man is David Tyler, 44, who joins from Christie's International. Mr Tyler had been finance director at the auction house since 1989 after spells with Unilever and County NatWest.

GUS's last finance director, Trevor Spittle left in 1987. Since then the £6.8bn company, which also owns Burberry and Selfridges House, has had no designated finance director on its 12-strong board. It is almost certainly the only FT-SE100 company that has felt it could do without such a function.

It is understood that prior to his move to the honorary presidency last year, the former chairman Lord Wolfson of Marylebone used to fulfil the finance function.

But with GUS becoming more active in the corporate arena following last year's £1bn acquisition of Experian, the US data company, a more traditional board structure has become more appropriate.

"The company didn't have a finance director but Lord Wolfson decided it was time they had one," GUS said yesterday.

There were two other boardroom appointments at GUS yesterday. Also of key significance is David Bury, 54, who becomes commercial director and treasurer after joining GUS in April. He will have a roving brief at executive level with responsibility for strategy. It is also likely that he will play a key role in acquisitions. Louise Patten, 43, a former partner at Bain & Co, the strategy consultants joins as a non-executive director.

EMU means 'equity boom and forex job cuts'

Yvette Cooper

A report on the implications for the financial markets of a single currency launched yesterday by Reuters news agency claimed that the outlook for equities was "unambiguously bullish".

"Job cuts are inevitable in the forex market... and there are sharp differences of opinion on whether European monetary union will give birth to a bond market to rival US treasuries, or just kill the volatility that now enlivens European bond trading," Reuters said.

The report, "EMU Explained: Markets and Monetary Union", says that in the short term, London should not be disadvantaged if the UK stays outside EMU.

Andre Villeneuve, a Reuters director, said yesterday: "Even if the UK stays out of a single currency, the City of London will be in a see no evidence that London will be disadvantaged in the short term." However,

Reuters suggests that in the long term, if the UK stays out, Frankfurt in particular will be well placed to play a stronger role.

European equity markets are expected to expand whatever happens to EMU. The report says: "Tens of millions of Europeans are about to be swept up in an investment rev-

olution. Momentum is already building for a transformation of the European savings industry and monetary union could give the process a final decisive push."

The pressure to expand privately funded pension schemes is growing as ageing European populations make current public pension provision increas-

ingly unsustainable. At the same time, EMU will remove currency risk and encourage cross-border investment with new funds.

Foreign exchange dealers, on the other hand, have less to look forward to, according to Reuters, especially those speculating between European currencies. In the run-up to

EMU they can indulge in a last blast of glorious speculation, betting on who will join the single currency, and testing the resolve of politicians and central bankers. But after that, the volume of currency trading will fall, putting pressure on jobs.

In the long term, trading in Asian currencies could fill the gap left by the euro, Reuters believes.

Prospects for the bond market remain harder to predict, according to the report. Betting on the convergence of European interest rates in the run-up to monetary union has been a lucrative business.

Without that the report says, "European analysts acknowledge that Europe's vibrant government bond markets risk losing much of their excitement."

But bond traders could instead start to bet on future entrants to EMU, such as Hungary, or on whether governments are fudging the Maastricht criteria. Financial markets would also be affected by the more fundamental questions about the strength of the euro: prospects for European inflation and the sustainability of the union.

Should EMU unravel, Mr Villeneuve predicts a different financial future for Europe: "Foreign exchange dealers would have to start hiring fast. There would be a lot of volatility in the currency markets."

Mark rises on rumours of convergence delay

Rumours that EMU might be delayed sent the mark rising against the dollar yesterday. Meanwhile international investors continued to move away from bonds affected by EMU uncertainty, and into US bonds and UK gilts which have been less affected by EMU speculation.

The mark rose to its highest level against the dollar in two weeks amid worries about European monetary union. The dollar fell to DM1.67 compared to Friday's close of DM1.688.

The prospect of delays in EMU reduces the likelihood of a broad-based EMU encompassing the weaker lira and peseta as

well as the mark at an early date, and so raises traders' confidence in the mark.

Meanwhile analysts claimed that investors were switching funds away from bonds which had been heavily affected by EMU speculation and into gilts instead. "We're advising switching out of Spain into the US, and out of Italy into the UK," said Phyllis Reed, European bond strategist at BZW in London.

Speculation that the starting date for EMU might be delayed was provoked by a poll in Germany's weekly news magazine Der Spiegel on Sunday, showing 77 per cent of Germans favoured a delay to EMU. At

the same time, a report in another German magazine, Focus, claimed the German finance ministry expected the country's national debt to rise this year to 61.5 per cent of GDP from 60.5 per cent last year, above the Maastricht ceiling of 60 per cent.

If Germany cannot meet the Maastricht criteria, it will make it far more difficult for EMU to go ahead without countries such as Italy, which may also miss the criteria by a small amount. Analysts suspect that Germany will push for a delay in EMU rather than go ahead on a fudged basis with Italy as part of the first wave.

Comment, page 17

STOCK MARKETS									
Index	Close	Day's change	Change (%)	1996/97 High	1996/97 Low	Yield (%)	Index	Close	Day's change
FTSE 100	4331.10	-5.70	-0.1	4357.40	3632.30	3.82	Nikkei	12800	+100
FTSE 250	4641.90	+10.90	+0.2	4641.90	4015.30	3.39	DAX	2700	+50
FTSE 350	2141.60	-1.20	-0.1	2150.60	1816.60	3.57	Hang Seng	8000	+100
FTSE SmallCap	2349.42	+1.86	+0.1	2350.55	1954.08	2.90	Hong Kong	13375.69	-69.16
FTSE All-Share	2114.52	-0.93	-0.0	2122.76	1791.95	3.32	Frankfurt	3184.21	+0.12
New York	6977.80	+46.18	+0.7	7087.46	5032.94	1.94			
Tokyo	18856.99	-137.55	-0.7	22696.80	17303.95	0.851			
London	13375.69	-69.16	-0.5	13868.24	10204.87	3.181			
Frankfurt	3184.21	+0.12	+0.0	3276.16	2253.36	1.511			

Source: FT Information

INTEREST RATES									
Short sterling	UK medium gilt	US long bond	Money Market Rates	Bond Yields	1 Month	1 Year	3 Month	5 Year	10 Year
UK	6.03	6.02	7.15	7.88	7.25	8.0			
US	5.31	5.72	8.39	5.91	6.67	6.36			
Japan	0.43	0.43	2.42	2.06					
Germany	3.19	3.38	5.55	6.30	6.34				
MAIN PRICE CHANGES									
BIT	575	52.5	10.0	EMIGroup	1193	42	3.4		
Thom	203	16.5	8.8	Enna	785.5	27	3.3		
Yorkshire Elec	882	63.5	7.8	Inchcape	266.5	6	2.2		

CURRENCIES									
S/S	P/DM	E/Y	Pound	Dollar	Yen	Mark	Index	Change	Year Ago
\$ (London)	1.6335	+1.43c	1.5404	\$ (London)	0.5122	-0.54	0.6492		
\$ (NY)	1.6025	-0.188c	1.5415	\$ (NY)	0.5240	+0.64	0.6487		
DM (London)	2.7274	+0.22c	2.2355	DM (London)	1.6897	-1.34pt	1.4513		
¥ (London)	199.248	+0.388	181.544	¥ (London)	121.975	-0.835	104.875		
\$ Index	97.7	+0.3	83.3	\$ Index	103.0	-0.8	95.1		
OTHER INDICATORS									
Oil Brent	19.64	-0.24	17.82	RPI	154.4	-146.0	13 Mar		
Gold	392.75	-0.5	398.30	GDP	109.7	+2.66c	107.0	25 Apr	
Gold £	215.95	-2.28	258.57	Base Rates	-6.00pc	6.75			

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business

Shares in Emap dive on Arculus resignation

Clifford German

Investors yesterday took fright at the unexpected resignation of David Arculus as managing director of Emap, the magazines and exhibitions group. Shares in Emap dropped by 28p to 785.5p, wiping £58m from the company's stock market value.

His decision to join United News & Media comes only months after Emap was rocked by a corporate governance row that culminated in the ousting of two non-executive directors. At that time Sir John Hoskys, chairman, played down rumours of a rift between Mr Arculus and Robin Miller, chief executive, over who would succeed him when he retires next year. Mr Miller, tipped to succeed Sir John, said yesterday no decision had been taken over who would become chairman.

Some analysts were surprised by the sharp mark-down yesterday in the share price of Emap. The company said Mr Arculus's departure was of his own choice.

Nick Ward, an analyst at Credit Lyonnais Laing, said: "The fact that Arculus is leaving is slightly disturbing." However, he added: "But the place will not fall apart without him."

Another analyst said the move was beneficial to both

companies, simplifying the management structure at Emap and bringing new expertise to United, which has expanded rapidly following last year's merger with MAI and the takeover of the Blenheim exhibitions group.

Mr Arculus joined Emap as corporate planner from the BBC in 1972 and became group managing director in 1989. One of his main contributions has been in merging the business magazines and business exhibitions divisions. He was seen as an outside candidate for the chairmanship, being more likely to move up to chief executive.

He was head-hunted for his job at United and his decision to leave was reported to the Emap board on Friday. His responsibilities will pass directly to the heads of the four operating divisions and he will not be replaced as managing director.

Sir John said: "We are sad to see David go, but recognise the appeal of UN&M, which includes mainstream television and newspapers, areas in which Emap does not operate."

Mr Arculus also emphasised the amicable parting. "I leave Emap in very capable hands. It's a company I admire greatly," he said.

Mr Arculus said he would be taking on a far bigger job at



Opposing views: Emap's chairman, Sir John Hoskys, played down rumours of a rift between David Arculus (right) and Robin Miller (left) a few months ago

United, having operational responsibility for consumer publishing, broadcasting and entertainment, which accounts for almost 80 per cent of group turnover and profits.

He declined to say how much his remuneration package would be when he joins United on 7 April.

Under his charge will be UK consumer publications including *Express* newspapers, *Exchange & Mart* and *Dailies*. US consumer publications - mainly free pick-up magazines - the broadcasting division and Miller Freeman, the business magazines and exhibitions group, which alone is

roughly equal in size to Emap. He remains a substantial shareholder in Emap, although it was believed yesterday he would dispose of his holdings in order to further his intention of becoming a substantial shareholder in United News & Media. The price of United jumped 16.5p to 704p.

Cloned lamb sends PPL shares soaring

Magnus Grimond

Shares in PPL Therapeutics, the biotechnology group, soared 52.5p yesterday after it said it had been granted an exclusive licence for the technology which created Dolly the lamb, hailed as the world's first cloned animal. PPL also said it had filed a patent to protect the new scientific techniques.

Ron James, managing director, described the success with Dolly, which has an identical genetic make-up to its six-year-old "mother", as "a major sci-

entific advance" which would underpin PPL's leading position in "transgenic" technology.

"This new breakthrough will open up the possibility for a variety of additional products to be produced economically by PPL. Some of these products could not be produced by existing technology - for example, human serum albumin used in the treatment of burns and other traumatic injury."

PPL was floated on the stock market last year to commercialise a process by which human proteins can be synthesised in

large quantities in genetically altered or transgenic animals.

Dolly was the result of work done by PPL's scientists working with the Roslin Institute, near Edinburgh. Roslin, which was established as a government research operation, has agreed to give PPL an exclusive licence for the technology in exchange for undisclosed royalties.

PPL already has a flock of sheep from a transgenic father, created by injecting DNA into an embryo and placing it back in the womb so that the animal is born in the usual way. Dolly

has involved taking a cell from a six-year-old "mother" to replace the genetic information in an unfertilised egg.

Alan Colman, PPL's research director, said the cloning process would allow scientists to single out more productive animals. At present five to ten transgenic animals have to be created in the hope that one will prove to be a productive animal. The cloning process would eliminate that process, resulting in more cost-effective, Mr Colman suggested.

PPL's lead product is Alpha

1 Anti Trypsin or AAT for treating cystic fibrosis, which is currently in early-stage human trials. The proteins used in AAT are milked from the transgenic sheep - before processing.

Mr Colman held out the prospect that the new cloning technology would also help deal with currently untreatable diseases like BSE and scrapie. He suggested that the cells which cause the diseases might be able to be removed from cattle and sheep, making them resistant.

IN BRIEF

• Simon Engineering is selling the access division's industrial businesses to Tetra Corporation for \$90m (£59m). The disposal is in line with Simon's plans outlined last September to sell its access side to cut group debts. A spokesman for Simon said it would use \$75m to repay early the full amount of the US loan notes carrying the heaviest covenants and interest rates. In 1995, the businesses being sold had turnover of £11.8m, equal to 72 per cent of the access division's total.

• Regal Hotel, which last year paid £122m for the 60-strong chain of White Hart hotels from Forte, announced a 257 per cent surge in profits to £10.35m. Regal said it had completed the first phase of integrating the White Hart hotels, and added that the full benefits would come through this year. The company said average room yield rose by 2.8 per cent with occupancy up by 4.9 percentage points and room rates down 4.1 per cent. The dividend is doubled to 1p.

• Whitehead Mann Group is to seek a listing on the Stock Exchange. The company provides executive search, executive selection and consulting services to several blue-chip clients covering a range of industrial and commercial sectors. Its operating profit for the year ended 31 March 1996, before accounting for exceptional property costs of £800,000, was £1.9m.

• Shorro Holdings warned that analysts' forecasts would not be met due to tough second-half trading. It said results for 1996 would show profits of £500,000-£600,000, compared to some predictions by analysts of up to £800,000. The company also announced the £262,000 purchase of the steel security cabin business owned by James Halstead.

• Helphire, which provides car hire and repair services to motorists involved in accidents that were not their fault, is seeking a full listing that will value the group at £15m. The company intends to raise £6m to meet growing demand. In the year to last March, it made taxable profits of £327,000, up from £64,000 in 1994/95. Brokers to the issue are Williams de Broe.

• Ewart, the property group, reported a 13.2 per cent rise in pre-tax profits to £804,000 in the half-year to the end of October. Earnings per share improved from 1.42p to 1.92p. The dividend is being lifted 40 per cent to 0.7p.

• WEW Group has appointed Anna Vinton, founder of the Reject Shop, as a non-executive director. Along with her former husband, she built up the Reject Shop, which went public in 1988 and was acquired in 1994 by Upton & Southern.

• Caffé Inns said Michael Norris, its finance director, had left the company to pursue other interests. Shares fell 5p to 185p.

Company Results				
	Turnover £	Pre-tax £	EPS	Dividend
Community Hospitals (p)	26.32m (23m)	4.65m (3.89m)	9.8p (8.0p)	3.5p (2.4p)
Oliver & Bonacini (p)	282.8m (241m)	5.5m (3.3m)	26.5p (15.5p)	6.0p (5.0p)
Galileo & Bonacini (p)	9.29m (7.2m)	1.94m (1.5m)	8.1p (6.5p)	0.4p
Smart (p)	8.75m (7.2m)	1.13m (1.0m)	2.82p (1.8p)	0.7p (0.5p)
Fleet (p)	18.94m (16.43m)	1.84m (1.53m)	3.8p (2.8p)	0.5p (0.4p)
Future International Holdings (p)	2.12m (1.64m)	29,000 (105,000)	-0.25p (1.25p)	
Southdown Group (p)	20.32m (11.14m)	1.63m (1.05m)	8.8p (7.0p)	2.4p
Hassan (p)	57.8m (54.9m)	157m (248m)	20.3p (28.9p)	
Reverend Int (p)	0.86m (1.1m)	857,000 (88,000)	11.7p (10p)	
Wibberley Group (p)	- (-)	831.83 (848.36)	44.7p (82.8p)	10.1p
Independent News (p)	- (-)	8123.6m (864.4m)	8167.8 (8134.8)	60c
London Pacific Group (p)	- (-)	333.2m (311.3m)	45.9p (41.1p)	25c (28c)
Pharmagroup (p)	30.66m (19.53m)	6.27m (4.15m)	7.4p (5.3p)	0.95p (0.7p)
Regal Hotel Group (p)	66.33m (18.12m)	10.43m (2.97m)	4.68p (3.39p)	1p (0.5p)
Thorn (p)	1.10m (1.13m)	123m (112.5m)	6.6p (7.3p)	
(p) - First (q) - Interim (a) - New accounts (p) - Split period				

SmithKline settles US dispute

SmithKline Beecham, the pharmaceutical giant, has paid \$325m (£199m) to settle a long-standing legal dispute with the US government for overcharging Medicare for patient services through its Clinical Laboratories division.

The payment will end civil and administrative claims against SmithKline for disputed claims from 1989 to 1996, and follows last week's announcement that the company had reached a tentative settle-

ment over the charges. Jan Leschly, SmithKline's chief executive, said yesterday: "SmithKline Beecham Clinical Laboratories never intentionally violated any laws."

He attributed the disputes partly to "ambiguities over regulations and guidelines," and said the company had decided to make a settlement to avoid "enormous potential costs and uncertainties connected with lengthy litigation."

SmithKline set aside \$406m

in 1995 to cover legal costs associated with the charges through the US Department of Health and Human Services, as well as another lawsuit brought by independent pharmacies over alleged discriminatory pricing practices. Almost a year ago the company offered to pay \$30m to settle the dispute and also \$20m worth of generic Tagamet, the anti-ulcer drug. A spokesman said the pharmacies may still appeal that decision.

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Thorn prunes prickly problems posed by Radio Rentals

Thorn has been such a dismal performer since last August's Thorn-EMI demerger that shareholders are probably grateful for small mercies these days. Shares in the Radio Rentals and Crazy George's retailer have halved from their 408p level immediately post-demerger, but yesterday bounced 10 per cent to 203p on news of a store closure programme at Radio Rentals and a shake-up of the US business.

The more hopeful move is the closure of 90 smaller, under-performing branches of Radio Rentals. It will involve a one-off cost of £10m but should then yield savings of £6m a year.

But the US strategy looks extremely optimistic. The US rentals market is so volatile that only 40 per cent of customers stay with their agreements for more than six months. This high churn rate - far higher than in the UK - saddles Thorn with costly collection and refurbishment bills.

It is willing to do almost anything to cut. The Holy Grail is customer loyalty and Thorn is bending over backwards to achieve it through discounts which are unbelievably generous. One scheme, called the "6/50", entitles anyone who remains loyal to Thorn for more than six months to a 50 per cent discount on their rental deal for the remainder of the contract. Though this will have a severe effect on margins, the company hopes to recoup the difference by winning more customers and persuading them to stay longer.

The difficulty for Thorn's management is that, although the market responded positively to yesterday's actions, they do not alter some of the key underlying problems facing the business.

The most serious is litigation against the company in the US, where several US states are claiming customers have been charged inflated interest rates in Thorn's rental agreements. Meanwhile, at home, Thorn is resigned to the introduction of the insurance premium tax, proposed in the last Budget.

This could cut £10m from Thorn's UK profits as the sale of warranties to customers at the end of the rent-to-own contracts has been a lucrative business. Add to this the impact of sterling's strength and weak trading both here and in America and it all adds up to sorry tale.

The US rentals market has fallen by 3 per cent on a like-for-like basis this year as cut-throat prices from electrical

retailers mean customers can afford to buy their gadgets rather than rent them.

All this is a long way from the glitter that was promised when Thorn was decoupled from EMI, a business that is not doing too well either.

Back then some analysts thought Thorn's rather dull rentals business might prove more attractive than its more glamorous sister.

Assuming Thorn makes its full-year forecast of £170m, the shares trade on a forward rating of less than 8. The low rating reflects the group's difficult position but the company's bruised shareholders are probably best advised to hold on for some kind of recovery.

Community feels squeeze

The continuing squeeze on nursing home budgets felled another victim yesterday when Community Hospitals said it was pulling out of the business.

The decision to put its operation up for sale means Community has finally admitted that its policy of combining hospitals with nursing homes has not been a success. The nursing home side has run through four directors in as many years and the hospitals side has outperformed of late, a trend continued in the latest results.

Pre-tax profits up 28 per cent at £4.95m for the six months to December saw all the growth in hospitals, which saw their trading results rise from £5.08m to £6.2m. The continuing care division, which as well as nursing homes includes the home nursing business, also for sale, was flat at £1.34m.

Negotiations with potential buyers for continuing care are said to be "at an early stage", but analysts are optimistic that the group will be able to realise net asset value of around £30m. The homes, which range from Bingley, West Yorkshire, in the north to London's Finchley in the south and on east as far as Chelmsford, should prove attractive to an industry increasingly aware of the need for consolidation rather than organic expansion. Like many others, occupancy at a lowly 76.4 per cent has been hit by recently opened homes.

Assuming it can raise a decent sum for the operation, the strategy looks sensible, if perhaps a little belated. Increased

throughput and an increased attention to cost control instituted by Alan Pilgrim, who took the chief executive's reins a year ago, helped raise the operating margin from hospitals from 19.2 per cent to 21.5 per cent. The group's 10 hospitals situated in an arc around London stretching from Surrey through Hertfordshire to Essex, with outlying ones in the West Country and Yorkshire, benefit from strong local franchises.

That should put Community in a strong position to attract its insurance company promoters, which provide 80 per cent of revenues, and should protect it from any attempt by insurers to cut rates as they build networks of "preferred providers" for their health-care services.

The company's "best view" of full-year profits of around £12.75m puts the shares, up 8p to 382.5p, on a forward P/E of 15. Worth holding as one of the few ways into the private hospital market.

PizzaExpress still on track

PizzaExpress has been a phenomenal performer since the 32-year-old pizza chain reversed into Star Computer in early 1993. In just four years, the shares have soared from around 70p to 560.5p, up 2p yesterday, as management have taken what was a predominantly South-east of England concept and started to extend it across the country.

Pre-tax profits have rocketed from £1.42m in 1993 to £9.98m last year and yesterday the group announced it had grown another 54 per cent to £6.28m in the six months to December. This success is all the more remarkable for the fact that the menus and the format have hardly changed in a generation which has seen the arrival of a flood of pizza-purveying rivals.

But PizzaExpress is aiming at a more upmarket audience. It still imports most of its ingredients from Italy (and is therefore benefiting from the strong pound) and gunnily attempts to make each restaurant different, with attractions and features ranging from clock towers and river terraces to jazz.

The "affluent, aspirational 20 to 50-year-olds" who crave this combination are still not being catered for, according to David Page, the chief executive. He reckons they could double or triple the size of the 127-strong chain in five years. The first (franchised) overseas restaurant opens in Los Angeles next week and there could be 10 to 15 within 18 months, ranging from the West Coast of the US to Delhi.

In the meantime, there is plenty to go for in the existing business. Last October's £25.5m share-financed deal to buy in 32 franchised outlets and one other restaurant will replace £719,000 of royalties with a contribution of £4.5m in a full year.

There are still eight franchised locations to be bought, with negotiations under way for half of them, which could eventually deliver up to £1m more.

This is a chain still far from maturity, with restaurants open for more than 10 years still producing growth of around 10 per cent and group like-for-like growth ahead of last year. Kleinwort Benson's forecast of full-year profits of £15.5m puts the shares on a forward multiple of 30, falling to 21, which looks up with events. Hold.

Thorn: at a glance

Market value: £291m; share price: 203p	
Trading record	94 95 96 95/96/97
Pre-tax profits (£m)	4.95 3.4 3.7 1.45 1.22
Dividends per share (£m)	0 0 0 0 0
Sales by region	Europe 10.5m US 1.1m
Share price	203p
Dividend yield	3.4%
P/E ratio	14.8
Market cap	£291m
Employees	1,100
Head office	London

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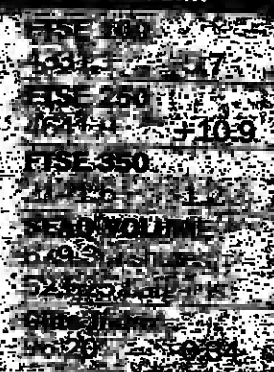
Legal & General

market report / shares

US bid for Yorkshire recharges speculators' batteries

Taking Stock

Data Bank



Share spotlight

The agreed £1.5bn bid for Yorkshire Electricity by two US power groups gave the stock market much-needed support and encouraged talk of further takeover action ahead of the general election.

Yorkshire ended 63.5p higher at 882p on the news, while Southern Electric, the only other remaining independent regional electricity company in England, added 23.5p to 770p.

Shares in Energy Group, newly demerged from the Hanson empire, also gained from positive sentiment towards the utilities sector, adding 43.5p to 568.5p on their first day of trading to top the list of best-performing blue chips. Goldman Sachs has a target price of 590p, while ABN-Amro Hoare Govett is also positive.

Boosted by the Yorkshire bid, the FTSE-100 index closed 10.9 points higher at 4,641.9

while the main FTSE-100 index recovered from a low of 4,316 to close just 5.7 points adrift at 4,331.1 with ex-dividend factors accounting for a loss of about seven points.

Hopes of further corporate action encouraged buyers in healthcare group Smith & Nephew, whose shares rose 5.25p to 196p on speculation that Johnson & Johnson of the US was lining up a bid.

Also moving on bid hopes were shares in Arjo Wiggins Appletton, up 11p to 172p on a weekend newspaper report that the struggling Anglo-French paper group had held talks with its South African counterpart, Sappi, about a £2bn merger involving a £500m sale of Arjo's European paper distribution arm to its management.

It would not be the first time the two companies' paths have crossed. Two years Arjo suffered a big blow when Sappi



MARKET REPORT

PATRICK TOOHER

outbid it for SD Warren, the US coated paper producer.

Although the recent talks between Arjo and Sappi reportedly came to nothing, analysts are encouraged to hear that Arjo is looking at ways to improve its strategic position through some form of an asset swap or alliance - Arjo is heavily exposed to the mature carbonless paper market.

Arjo has been rocked by a series of top-level defections since Stephen Walls, chief executive at the time of the 1990 merger between Anglo-American paper group Wiggins Teape Appletton and its French counterpart Arjomat-Prior, left after the board rejected

plans for a merger with Dutch paper group KNP in 1992.

Analysts note that last week's merger between St Louis, Arjo's 40 per cent shareholder with fellow French group Worms, could pave the way for the French to buy out the rest of Arjo that they do not already own. Daniel Melin, the former chief executive of St Louis, yesterday resigned as deputy chairman of Arjo following the St Louis/Worms deal.

United News & Media continued its recent strong run, rising 16.5p to 704p on news that the well-regarded managing director of publishing group Emap, is to

become United's chief operating officer with responsibility for consumer publishing, broadcasting, trade magazines and exhibitions. Emap, by contrast, dipped 27p to 785.5p.

Currency concerns weighed on music publisher EMI, off 42p at 1,193p ahead of today's third-quarter figures, while the effects of a strong pound also affected shares in several insurers reporting this week, notably Commercial Union, 7.5p weaker at 701p. Guardian Royal Exchange was hit by sell advice from Société Générale, ending 1.5p down at 288p.

A two-way pull was seen in Whitbread, 4.5p better at 787p. Goldman Sachs rates the shares a buy but Credit Lyonnais Laing prefers rival brewer Scottish & Newcastle, 12.5p adrift at 687.5p.

CLL sees a period of consolidation for Whitbread after spending £600m in acquisitions over the last 18 months

on the likes of David Lloyd Leisure and the Pelican and BrightReasons restaurant chains. The broker also thinks Whitbread, having been the first to identify the huge potential for the UK eating-out market, now has less scope than its peers to improve high-margin food sales from its managed pub outlets such as Brewers Fayre and Beefeater.

Governors, an unlikely combination of Ford motor dealerships and Burger King franchises, improved a penny to 106.5p. It is opening five more fast-food restaurants in the first half of this year, bringing the number of Burger King outlets to 21.

Dedicated fans of biotech outfit Stanford Rook were disappointed to hear that data on its tuberculosis drug SRL172 would not be analysed and made available as soon as hoped. The shares collapsed by 10p to 52p.

Ofex-listed Ritz Music Group, home to Irish crooner Daniel O'Donnell, reported pre-tax profits of £628,000 on sales of £4.8m in the nine months to December. The results, the first since Ritz was floated two months ago, are slightly ahead of those set out in the prospectus. Ritz remains on course for a projected full-year profit of £551,000 after incurring a small fourth-quarter loss. Helped by Mr O'Donnell, who tops the UK country & western charts, shares in Ritz have jumped from their placing price of 55p to 78p.

Dealings in AorTech, the heart valve manufacturer, are due to begin tomorrow. Place by broker Bell Lawrie at 125p, the shares are seen opening at 140p. The company is raising a net £4.5m on is worth £21.5m at the placing price.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: Ex-rights & Ex-dividend as Ex all a United Securities Market a Suspended (p) Parity Paid on Nil Paid Shares. 2 AM Stock. Source: FT Information

The Independent Index

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FTSE 100 - Real-time	00	Starting Rates	04	Privatisation Issues	36
UK Stock Market Report	01	Bullion Report	05	Wear Shares	38
UK Company News	02	Wall St Report	06	Electricity Shares	39
Foreign Exchange	03	Today's Market	07	High Street Banks	40

Anyone with a time-dial telephone can use this service. For a detailed description of The Independent Index, including its portfolio facility, phone 0800 123 333. Daily and 24hr per minute. Call charges include VAT.

Share	Price	Change	Share	Price	Change
Admiral	1,193.00	-42.00	British Airways	1,193.00	-42.00
Anglo-Continental	1,193.00	-42.00	British Petroleum	1,193.00	-42.00
Arjo Wiggins Appletton	1,193.00	-42.00	British Telecom	1,193.00	-42.00
Asda	1,193.00	-42.00	British Virgin Islands	1,193.00	-42.00
Aurum	1,193.00	-42.00	British Waterways	1,193.00	-42.00
Baker Hughes	1,193.00	-42.00	British Wool	1,193.00	-42.00
Baker Perkins	1,193.00	-42.00	British Wool Textiles	1,193.00	-42.00
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Guardian Direct

The Guardian Direct Top 100 tracker PEP is a unit trust investment so the value of units can go down as well as up. On the investment of the units you may receive back more than you invested. The value of any tax relief depends upon the financial circumstances of the investor.

Source: Mordant. Past performance is not necessarily a guide to the future. The value of investments and the income from them can go down as well as up.

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business

Washington provides the prelude to a year of rising interest rates

Alan Greenspan, the chairman of the Federal Reserve Board in Washington, gives his Humphrey-Hawkins testimony to the US Senate Banking Committee tomorrow and Thursday. For people who are not up to speed on the finer points of US monetary procedure, all you need to know is that he gives this testimony twice a year and it is regarded as the most important guide to the future stance of US monetary policy for the next six months.

The thing that the markets will be looking for this time will be an indication of whether the Fed will increase interest rates in the face of a tightening labour market and very highly valued, maybe overvalued, shares. The Fed chairman does not make interest rate decisions by himself, but he is *primus inter pares* on the Fed's Open Market Committee, which does make the decision, and so his judgement will carry great weight. Short-term interest rates in the US have not changed for more than a year, and with the next FOMC meeting on 25 March, the immediate question for the financial markets is whether rates will go up then.

There are three forces suggesting that they might. First, Dr Greenspan warned back on 5 December about the "irrational exuberance" of Wall Street, and since then share prices have gone on rising. The Fed might feel the need to lean against this rise in case it gets seriously out of hand and a subsequent collapse threatens the stability of the whole financial system.

Second, monetary growth, something that central banks always worry about, has been nudging upwards again, as the graph shows. And third, there is some pressure from pay settlements in the US which suggest that pay rises might start to feed through into inflation later this year.

The professional Fed-watchers seem pretty evenly balanced about the likelihood of a rise in March, but they are

generally agreed that if the Fed does not move next month, it is likely to tighten policy later in the year, perhaps in May. This will be a year of rising US interest rates.

It will also be the year of rising rates elsewhere in the world. UK rates will go up for reasons which are pretty clear: strong economic demand, some indications of asset price inflation, particularly in house prices, and a tightening labour market. Less obviously, it may also eventually see rising interest rates in the other main economies, in particular in Germany, where the good export performance will be further reinforced by the recent fall of the mark.

Domestic demand remains stagnant and unemployment has risen sharply in recent months, but the view of the Bundesbank is that this shows the need for structural reforms in taxation and the labour market, rather than further cuts in interest rates. Meanwhile the fall of the mark is starting to push up raw material and energy prices, something which will eventually start to worry the Bundesbank. In any case, money policy in Germany is quite loose at the moment: money supply is rising at the top of the target range.

Germany is not going to increase rates for some time, but it is at least conceivable that by



Hamish McRae

The coming period will be a test not just of the markets' nerve but also of the depth of support for central bank independence

the back end of this year rates there will be climbing too. If they go up in Germany they will rise in the rest of continental Europe. Finally, expect Japanese interest rates to start rising by the end of the year. At last there is an economic recovery, though

a weak one by previous standards. The yen has become very much weaker in the past two years and that trend seems likely to continue a while yet.

Put all this together and what do you have? From the perspective of the financial markets there is the fact that they will, at some stage in the next year to 18 months, have to push up the bill of rising interest rates. The bill may not turn out to be very steep, but a hill it will be.

But there is another and completely different perspective: the view of the rest of us. Over the past five years there has been a gradual movement towards giving central banks greater independence in setting monetary policy and giving governments less independence in setting fiscal policy. Within the European Union this is explicit in the Maastricht process, which requires the banks to be made independent, and requires governments to trim their deficits to meet the Maastricht criteria. If monetary union happens, monetary policy will be entirely independent of political control.

Elsewhere the move has been more patchy. Here in the UK the Bank of England has been given some greater degree of influence and may be given more after the election. In the US there has been no explicit constitutional change to correspond

with Maastricht, but the perceived success of Dr Greenspan at the Fed has given him enormous authority, while there has been continuing pressure to reduce the fiscal autonomy of the President and Congress, by measures such as the balanced budget amendment. In Japan the central bank has been formally given a greater degree of independence, though it is not clear how much this means in practice.

But these past five years of constitutional movement have been a period of falling interest rates. From a practical point of view it is much easier to applaud the wisdom of a central bank that uses its independence to deliver cheaper money, than it is to cheer when it wants to put rates up.

So the coming period of rising interest rates will be a test not just of the nerve of financial markets, but also a test of the depth of political support for the concept of central bank independence. If the financial markets react badly to rising rates, then the pressure on political support for independence becomes all the greater.

So this arcane practice where the Fed chairman spends a couple of days being questioned by the US Senate has two levels of significance. It will be interesting, even for people who do not follow each twist and turn of US interest rate policy, to catch a feeling for the concerns of the Fed chief at this stage of the cycle. As the year unfolds we can then judge the level of comfort or concern of the Fed. But it is interesting also as an overture to the great debate which we will hear over the next three or four years about the proper location of monetary policy in the political process.

Higher interest rates are going to be unpopular. Should that unpopularity be loaded on to national central banks, an international central bank (such as will happen in Europe if EMU proceeds), or should it remain, in part at least, as a burden to be placed on elected politicians?

East End big 'uns play it safe with own airline

PEOPLE & BUSINESS

The Barclay brothers aren't the only fraternal partnership to come out of the East End and make it big in business. The Gold brothers - David and Ralph - have just launched their own executive airline at Biggin Hill, Kent.

The Golds have always liked the former Battle of Britain aerodrome - they owned the Biggin Hill flying club in the 1970s. Both are keen amateur pilots, and David has won the Malta air rally twice.

The launch of Gold Air International brings the estimated assets of the Gold Brothers to £230m. They own over 80 companies. Other interests include part-ownership of Birmingham City Football Club and 50 per cent of Sport Newspapers.

The Golds made their first real money in the 1970s by buying and selling a retail property in London's Queensway. A spokeswoman tells me they decided to launch an airline now for two reasons: firstly, they wanted a safe airline they could use themselves around the UK and Europe, not least following the tragic death of Chelsea director Matthew Harding in an air crash.

The Golds also think an airline has great commercial promise - they'll be spending £15m on jets for the company this year alone.

Anna Vinton, co-founder of the Reject Shop chain bought three years ago by Upton & Southern Holdings, is joining WEW Group as a non-executive director.

As Mrs Vinton is moving into familiar territory - the Reject Shop, as its name suggested, sold cheap and cheerful domestic goods, while WEW stands for the shop that sells "What Everyone Wants".

WEW's 80 stores in Scotland and the North-east sell discount clothes, and its new



Glory days: Sir Winston Churchill taking the salute at Biggin Hill

management is struggling to improve its performance. Mrs Vinton admits: "It's going to be a tough job turning WEW around, but I think it's do-able. They have got the right strategy."

In fact Mrs Vinton was attracted to WEW because of the new men at the top - chairman James Millar, formerly head of William Lowe, which sold out to Tesco, and chief executive Richard Boland, ex-head of the Freeman catalogue business. "They both came highly recommended - Lord MacLaurin at Tesco always said what a good business William Lowe was," she says.

While most of the business world is copying up to the Labour government in waiting, Andersen Consulting is taking a counter-cyclical view. Andersen's current director of research and knowledge management, Patricia Hewitt,

is leaving to stand as a Labour candidate in the safe Labour seat of Leicester West, and is being replaced by Stephen Locke - a former private secretary to Nigel Lawson. To be fair, Mr Locke was a civil servant when he served Lord Blay - he worked in the Treasury from 1976 to 1982.

Since then Mr Locke has worked for the Consumers Association. Lately he has been the CA's head of research and policy.

As such he should have the right experience to run Andersen's research and knowledge management arm. Look out for Andersen's next project - "best-value spin-drier".

Wicks, the troubled DIY chain, has appointed its third firm of PR spin doctors in just over a year. Wicks parted company with Brunswick in favour of Dewe Rogerson last June when "accounting irregularities" were discovered at the DIY chain. Dewe only agreed to stay on until the rescue rights issue was out of the way, since they already act for Wicks' rivals Boots, owner of Do It All.

City PR people rely heavily on lunches to communicate with journalists (he wrote, skipping his mineral water), which should be good news for London restaurants like Rowley's, the Jermyn Street eatery seeking to raise £800,000 via the Enterprise Investment Scheme. Petrof station king Richard Guey, joint chairman and managing director, and joint chairman Christopher Barnett, a former merchant seaman, want the money to open further restaurants along Rowley's "steak and chips" lines. They say they may even start a restaurant outside London if the opportunity offers.

John Willcock

Foreign Exchange Rates

Country	Spot	1 month	3 months
US	1.6335	0.4	31.28
Canada	2.2244	54.49	64.55
Germany	2.2274	69.61	203.93
France	9.9257	217.198	640.639
Italy	7.05	25.40	45.67
Japan	99.25	95.01	281.278
EU	1.6356	21.18	69.41
Belgium	36.325	55.73	45.38
Denmark	1.0406	222.177	655.556
Netherlands	3.6073	82.74	240.226
Sweden	1.0291	5.1	15.9
Norway	9.0343	160.90	380.270
Spain	16.664	25.40	45.67
Switzerland	1.0233	20.03	69.50
Australia	2.3732	85.78	238.226
Malaysia	1.0863	1.08	1.08
Indonesia	12.892	85.52	240.83
New Zealand	3.0487	0.4	0.4
Saudi Arabia	5.0421	19.7	59.38
Singapore	2.3217	0.4	0.4

Other Spot Rates

Country	Sterling	Dollar
Argentina	16338	0.8999
Austria	13.653	1.7590
Brazil	1.712	0.2338
China	13.521	0.2338
Egypt	5.5205	0.2338
India	4.8248	0.2338
Iran	25.0123	0.2338
Israel	4.2238	0.2338
Kenya	5.0482	0.2338
South Africa	4.8248	0.2338
UAE	0.4962	0.2338

Forward rates quoted high to low are at a discount; subtract from spot rate.
Rate quoted low to high are at a premium; add to spot rate.
Dollar rates quoted as reciprocal.
For the latest foreign exchange rates call 0891 123 3033.
Cells cost 50p per minute (day rate) 45p after hours.

Interest Rates

Country	Rate
UK	6.00%
Germany	5.50%
France	5.50%
Italy	5.50%
Japan	5.50%
EU	5.50%
Belgium	5.50%
Denmark	5.50%
Netherlands	5.50%
Sweden	5.50%
Australia	5.50%
Malaysia	5.50%
Indonesia	5.50%
New Zealand	5.50%
Saudi Arabia	5.50%
Singapore	5.50%

Bond Yields

Country	5yr	10yr	15yr	20yr
UK	7.75%	8.50%	9.00%	9.50%
Germany	6.25%	6.75%	7.25%	7.75%
France	6.00%	6.50%	7.00%	7.50%
Italy	6.00%	6.50%	7.00%	7.50%
Japan	5.50%	6.00%	6.50%	7.00%
EU	5.50%	6.00%	6.50%	7.00%
Belgium	5.50%	6.00%	6.50%	7.00%
Denmark	5.50%	6.00%	6.50%	7.00%
Netherlands	5.50%	6.00%	6.50%	7.00%
Sweden	5.50%	6.00%	6.50%	7.00%
Australia	5.50%	6.00%	6.50%	7.00%
Malaysia	5.50%	6.00%	6.50%	7.00%
Indonesia	5.50%	6.00%	6.50%	7.00%
New Zealand	5.50%	6.00%	6.50%	7.00%
Saudi Arabia	5.50%	6.00%	6.50%	7.00%
Singapore	5.50%	6.00%	6.50%	7.00%

Money Market Rates

Country	Rate
UK	5.50%
Germany	5.50%
France	5.50%
Italy	5.50%
Japan	5.50%
EU	5.50%
Belgium	5.50%
Denmark	5.50%
Netherlands	5.50%
Sweden	5.50%
Australia	5.50%
Malaysia	5.50%
Indonesia	5.50%
New Zealand	5.50%
Saudi Arabia	5.50%
Singapore	5.50%

Tourist Rates

Country	Rate
UK	1.6335
Germany	2.2274
France	9.9257
Italy	7.05
Japan	99.25
EU	1.6356
Belgium	36.325
Denmark	1.0406
Netherlands	3.6073
Sweden	1.0291
Norway	9.0343
Spain	16.664
Switzerland	1.0233
Australia	2.3732
Malaysia	1.0863
Indonesia	12.892
New Zealand	3.0487
Saudi Arabia	5.0421
Singapore	2.3217

Liffe Financial Futures

Contract	Settlement	High/Low	Open
Long oil	13.00	13.00	13.00
Short oil	13.00	13.00	13.00
Long gold	13.00	13.00	13.00
Short gold	13.00	13.00	13.00
Long silver	13.00	13.00	13.00
Short silver	13.00	13.00	13.00
Long copper	13.00	13.00	13.00
Short copper	13.00	13.00	13.00
Long aluminium	13.00	13.00	13.00
Short aluminium	13.00	13.00	13.00
Long zinc	13.00	13.00	13.00
Short zinc	13.00	13.00	13.00
Long lead	13.00	13.00	13.00
Short lead	13.00	13.00	13.00
Long tin	13.00	13.00	13.00
Short tin	13.00	13.00	13.00
Long nickel	13.00	13.00	13.00
Short nickel	13.00	13.00	13.00
Long platinum	13.00	13.00	13.00
Short platinum	13.00	13.00	13.00
Long palladium	13.00	13.00	13.00
Short palladium	13.00	13.00	13.00
Long rhodium	13.00	13.00	13.00
Short rhodium	13.00	13.00	13.00
Long iridium	13.00	13.00	13.00
Short iridium	13.00	13.00	13.00
Long ruthenium	13.00	13.00	13.00
Short ruthenium	13.00	13.00	13.00
Long selenium	13.00	13.00	13.00
Short selenium	13.00	13.00	13.00
Long tellurium	13.00	13.00	13.00
Short tellurium	13.00	13.00	13.00
Long vanadium	13.00	13.00	13.00
Short vanadium	13.00	13.00	13.00
Long niobium	13.00	13.00	13.00
Short niobium	13.00	13.00	13.00
Long tantalum	13.00	13.00	13.00
Short tantalum	13.00	13.00	13.00
Long tungsten	13.00	13.00	13.00
Short tungsten	13.00	13.00	13.00
Long molybdenum	13.00	13.00	13.00
Short molybdenum	13.00	13.00	13.00
Long cobalt	13.00	13.00	13.00
Short cobalt	13.00	13.00	13.00
Long nickel	13.00	13.00	13.00
Short nickel	13.00	13.00	13.00
Long copper	13.00	13.00	13.00
Short copper	13.00	13.00	13.00
Long aluminium	13.00	13.00	13.00
Short aluminium	13.00	13.00	13.00
Long zinc	13.00	13.00	13.00
Short zinc	13.00	13.00	13.00
Long lead	13.00	13.00	13.00
Short lead	13.00	13.00	13.00
Long tin	13.00	13.00	13.00
Short tin	13.00	13.00	13.00
Long nickel	13.00	13.00	13.00
Short nickel	13.00	13.00	13.00
Long platinum	13.00	13.00	13.00
Short platinum	13.00	13.00	13.00
Long palladium	13.00	13.00	13.00
Short palladium	13.00	13.00	13.00
Long rhodium	13.00	13.00	13.00
Short rhodium	13.00	13.00	13.00
Long iridium	13.00	13.00	13.00
Short iridium	13.00	13.00	13.00
Long ruthenium	13.00	13.00	13.00
Short ruthenium	13.00	13.00	13.00
Long selenium	13.00	13.00	13.00
Short selenium	13.00	13.00	13.00
Long tellurium	13.00	13.00	13.00
Short tellurium	13.00	13.00	13.00
Long vanadium	13.00	13.00	13.00
Short vanadium	13.00	13.00	13.00
Long niobium	13.00	13.00	13.00
Short niobium	13.00	13.00	13.00
Long tantalum	13.00	13.00	13.00
Short tantalum	13.00	13.00	13.00
Long tungsten	13.00	13.00	13.00
Short tungsten	13.00	13.00	13.00
Long molybdenum	13.00	13.00	13.00
Short molybdenum	13.00	13.00	13.00
Long cobalt	13.00	13.00	13.00
Short cobalt	13.00	13.00	13.00
Long nickel	13.00	13.00	13.00
Short nickel	13.00	13.00	13.00
Long copper	13.00	13.00	13.00
Short copper	13.00	13.00	13.00
Long aluminium	13.00	13.00	13.00
Short aluminium	13.00	13.00	13.00
Long zinc	13.00	13.00	13.00
Short zinc	13.00	13.00	13.00
Long lead	13.00	13.00	13.00
Short lead	13.00	13.00	13.00
Long tin	13.00	13.00	13.00
Short tin	13.00	13.00	13.00
Long nickel	13.00	13.00	13.00
Short nickel	13.00	13.00	13.00
Long platinum	13.00	13.00	13.00
Short platinum	13.00	13.00	13.00
Long palladium	13.00	13.00	13.00
Short palladium	13.00	13.00	13.00

L'Opera may attract tenners at 10-1

Tate's testing time

Assessment can grab

**FESTIVAL
FOCUS**

William Hill	Ladbrokes	Total
13-4	13-4	8-4
6-4	5-1	5-1
7-4	7-4	7-4
9-1	7-1	10-1
10-1	9-1	10-1
12-1	12-1	14-1
10-1	9-1	9-1
13-1	12-1	13-1

(Chatterham, Tuesday, 11 March)

Iron Chase (2m)		
William Hill	Ladbrokes	Total
9-4	8-4	5-2
11-4	11-4	5-2
9-2	5-1	5-4
8-3	9-2	5-1
7-4	5-1	5-1
20-1	16-1	20-3
12-1	20-4	16-1

Thatcham, Wednesday, 12 March

William Hill	Ladbrokes	Total
4-1	7-2	9-2
11-2	8-3	8-3
8-1	5-1	11-2
13-2	6-1	8-1
10-1	10-1	9-1
14-1	70-1	10-1
10-1	10-1	12-1
14-1	54-1	54-1
12-1	14-1	12-1
20-1	16-1	16-1
16-1	16-1	20-1

Crabtreeham, Thursday, 13 March

William Hill	Ladbrokes	Total
8-1	9-1	8-1

Crabtreeham, Thursday, 13 March

[illegible]

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